

Payment Study 2014

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CRIBIS D&B AND THE DUNTRADE® PROGRAM

CRIBIS D&B

CRIBIS D&B is a highly specialized company with advanced business information skills. It was set up with the aim of providing both the Italian market and D&B's global clients with the highest standards of quality in terms of business coverage, the depth and accuracy of information, the technological capacity and flexibility to respond quickly to market demands, as well as in the provision of decisional systems, and scoring models.

DATA SOURCES: D&B PAYDEX AND PAYMENT EXPERIENCES

The data presented in this study come from the information held in DUNTRADE® PROGRAM and are elaborated by CRIBIS D&B.

In particular, payment assessment is based on the analysis of those companies for which a D&B Paydex value is available, where D&B Paydex is a statistical indicator that assesses the historical performance of payments to suppliers, and provides a reliable profile of a company in terms of whether or not it is a good payer.

The D&B Paydex score is only generated if there are at least three trade experiences from three different suppliers.

This is because it is an indicator that enables the average payment practices of clients to be assessed, and requires the identification of a trend and homogeneous observations, guaranteed by the use of a clear and correct definition of payment experiences.

Payment experiences are generated by the combined analysis of all commercial transactions (invoices, payments, overdue payments etc.) between a client company and its supplier over the course of the previous 12 months. The score is a moving weighted average because:

- it comes from the analysis of 12 months of data
- it depends on the credit being analyzed, i.e. on the credit amounts that are on time or late every month
- it is updated every month

THE DUNTRADE® PROGRAM

Payment experiences come from DUNTRADE®, the program used by D&B Partners and participating companies aimed at collecting **data, analyses and assessments of the payment practices of companies** in Italy and around the world.

Some data relating to **DUNTRADE®** are presented below:

WORLDWIDE

- Active on a worldwide level since 1972
- Data collected on more than 5 billion transactions
- Payment experiences available for more than 27 million companies in relation to their suppliers.

ITALY

- 45 years of experience in information systems
- Data on over 140 million transactions collected in Italy
- Payment experiences available for 1,3 million companies in relation to their suppliers
- The Paydex indicator is available for 63% of requests.

INTRODUCTION, METHODOLOGY AND LEGEND

The Payment Study, published with data up to 31 December 2013 for all countries except for Italy, for which data is included up to 31 March 31 2014, is aimed at outlining the international picture of payment practices, with particular focus on Italy and Europe.

Thanks to CRIBIS D&B being part of the D&B Worldwide Network, it was possible to collect and analyze payment data from China, Taiwan, Hong Kong, Mexico, the USA, Canada, Belgium, the Netherlands, Germany, France, the UK, Spain, Portugal, Poland, Slovenia, Hungary, Czech Republic, Finland, Denmark, Turkey and Russia. In this edition of the study, there is additional information relating to Greece. For each country the patterns of commercial transactions are analyzed in detail, paying attention to any changes compared with previous years.

The main sources of information used in this study were payment data from the D&B Worldwide Network DUNTRADE program.

The following information is given for clarity:

Analysis Legend by type of company

ITALY

Micro (Turnover ≤ 2 million € or ≤ 10 employees)

Small (Turnover ≤ 10 million € or ≤ 50 employees)

Medium (Turnover ≤ 50 million € or ≤ 250 employees)

Large (Turnover > 50 million € or > 250 employees)

OTHER COUNTRIES

Micro (≤ 5 employees)

Small (> 5 and ≤ 50 employees)

Medium (> 50 and ≤ 260 employees)

Large (> 260 employees)

Analysis Legend for geographical regions in Italy

North East (Emilia Romagna, Friuli-Venezia Giulia, Trentino-Alto Adige and Veneto)

North West (Liguria, Lombardy, Piedmont and Aosta Valley)

Center (Lazio, Marche, Tuscany and Umbria)

South and the Islands (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily)

Notes

CHINA AND HONG KONG

Agriculture, forestry, hunting and fishing and Mining were excluded from the analysis of payment practices by macro-sector in these countries, as they are not significant.

In addition, for the last country the classifications of the best and worst micro-sectors in terms of payment were not included.

TAIWAN

Agriculture, forestry, hunting and fishing and Construction were excluded from the analysis of payment practices by macro-sector in this country, as they are not significant.

CZECH REPUBLIC AND HUNGARY

Mining was excluded from the analysis of payment practices by macro-sector in these countries, as it is not significant.

FINLAND AND DENMARK

A different classification was used for the definition of sectors for this country in the section on payment habit analysis by macro-sector.

In addition, for the last country the classifications of the best and worst micro-sectors in terms of payment were not included.

RUSSIA

Chapter and data related to this country have been written by Igor Volosov, Deputy General Director at Interfax - Corporate News Agency.

GREECE

Chapter and data related to this country have been written by Leonidas Kotsaftis, Credit Risk Services Executive Director at ICAP Group.

1. CHINA

Below is the opinion of **Jessica Ji, DUNTrade Processor at Huaxia D&B China**, on the economic scenario and payment situation in China.

"China's economy, the world's second largest, continued facing a very uncertain domestic and international environment in 2013. With a "stabilizing the economy growth" policy, Beijing set a growth rate target of 7,5% for the year. Latest official number indicated that GDP in China's economy actually rose 7,7% from a year earlier. This figure is 0,2% above the target but 0,1% lower than 2012 growth, marking 2013 as the worst performing year since 1999.

Growth has slowed in both consumption and investment suggesting China still has a lot of work to do in order to successfully "restructure" the economic mix. Previous double-digits growth heavily relied on exports and investment, but to ensure a longer term sustainable growth, Chinese leaders spent a lot of effort in 2013 driving consumption demands. Several industries were identified with excess capacity, including the manufacturing of steel, panel glass, cement, shipbuilding, electrolytic aluminum, and so on. When production in these sectors slowed down, the government started projects in infrastructure in order to balance up economic growth and unemployment. On the other hand, China's local-government debt was exposed and showed a worrying increase in the size. Investment in the property sector continued to be buoyant despite the fact that property prices were at record high and government released several measures to calm property market. Among 70 large cities, property prices increased in 69 cities and the maximum year on year price increase reached as high as 21,9%.

In terms of the foreign trade, growth rate of total exportation value reached 7,9% in 2013, unchanged from 2012. China is slowly losing competitiveness as labor cost continued to rise. International pressure came from slow global economic recovery and signs of more protectionism in trading. Appreciation of RMB created more difficulties for Chinese business to promote their products overseas. Thinking of a growth rate of 20% in 2011, weak export growth may become a new norm for China. This puts pressure on the government to speed up the economic reform as GDP growth could slow down further in 2014 if domestic demand fails to fill in the gap. Most analysts believe China will keep the interest rate unchanged for a year in order to underpin economy. At the same time, more changes from financial reforms are expected to address key issues such as shadow banking and interest rate liberalization."

Payment analysis

The Chinese payment system in 2013 continues to be complex, with less than satisfactory performances.

The percentage of punctual payers in China was only 33,3% of the total, meanwhile, the majority of companies tended to pay commercial transactions on average between 1 and 30 days late (51,1%).

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 8,5%, whereas "bad payers" (more than 90 days late on average) account for 7,1% of the sample analyzed.

It can be seen that in the last three years, payment performance has been more or less stable: the percentage of companies that managed to respect agreed terms increased by 0,8% compared to 2012; payers that fall within the "Up to 90 days" class fell by 0,2 percentage points, and the share of "bad payers" (over 90 days on average) reduced by 0,6%.

Micro companies show the most balanced payment behavior with 41,9% of the total for payments within agreed terms (+8,6 percentage points compared with the national average). These are followed by Small companies, for which the percentage in question reaches 39,4%, remaining above the aggregate figure for the country.

For Large companies, on the other hand, there is a more problematic situation, where only a quarter of companies (28,4%) manage to respect agreed payment terms, with a concentration of 53,8% in the "Up to 30 days late" class.

Average late payments of between 30 and 90 days are highest in the Medium and Large categories, with more than 9% of the total in this class.

In terms of serious late payments, the worst performance is once again seen for large companies: 8,4% exceed an average of 90 days beyond agreed payment terms.

A somewhat heterogeneous context emerges from sector-based analysis, with rather differing performances between the various sectors considered.

The sector which stands out as having a more balanced behavior is Wholesale: in fact in this case, companies pay within agreed terms in more than 41% of the cases analyzed, whereas in other sectors this figure does not reach 34%.

It can also be seen that Finance services register only 21,2% of punctual payers, with a gap of 12,1% from the national figure.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Retail trade (59%) and Transport and distribution (54,1%).

Finally, the most critical situation for the serious late payment class (over 90 days on average) is seen in the Construction sector, with a share of 19,2% in this class (+12,1% compared to the Chinese average).

The top position in the classification of best payers is held by Printing and publishing with 53,5% of companies paying within agreed payment terms. In second and third positions are Wholesale trade – Nondurable goods (50,1%) and Apparel and other textile products (50%).

The Health services sector, on the other hand, has the worst payment record in China, with 50,1% of companies paying seriously late (more than 90 days on average).

Second and third places in the classification of micro-sectors with more problematic payment behavior are held by Heavy construction, except building (32,2%) and Real estate (24,6%).

The high concentration of serious late payments and contained level of punctual payments makes the payment situation in China one of the worst among the countries analyzed in this edition of the study.

TABLE 1.1 SOURCE: HUAXIA D&B CHINA

PERCENTAGE OF COMPANIES IN CHINA WITH ON TIME PAYMENTS, 2011-2013

	2011	2012	2013
China	33,1%	32,5%	33,3%

TABLE 1.2 SOURCE: HUAXIA D&B CHINA

PERCENTAGE OF COMPANIES IN CHINA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2011-2013

	2011	2012	2013
China	7,9%	7,7%	7,1%

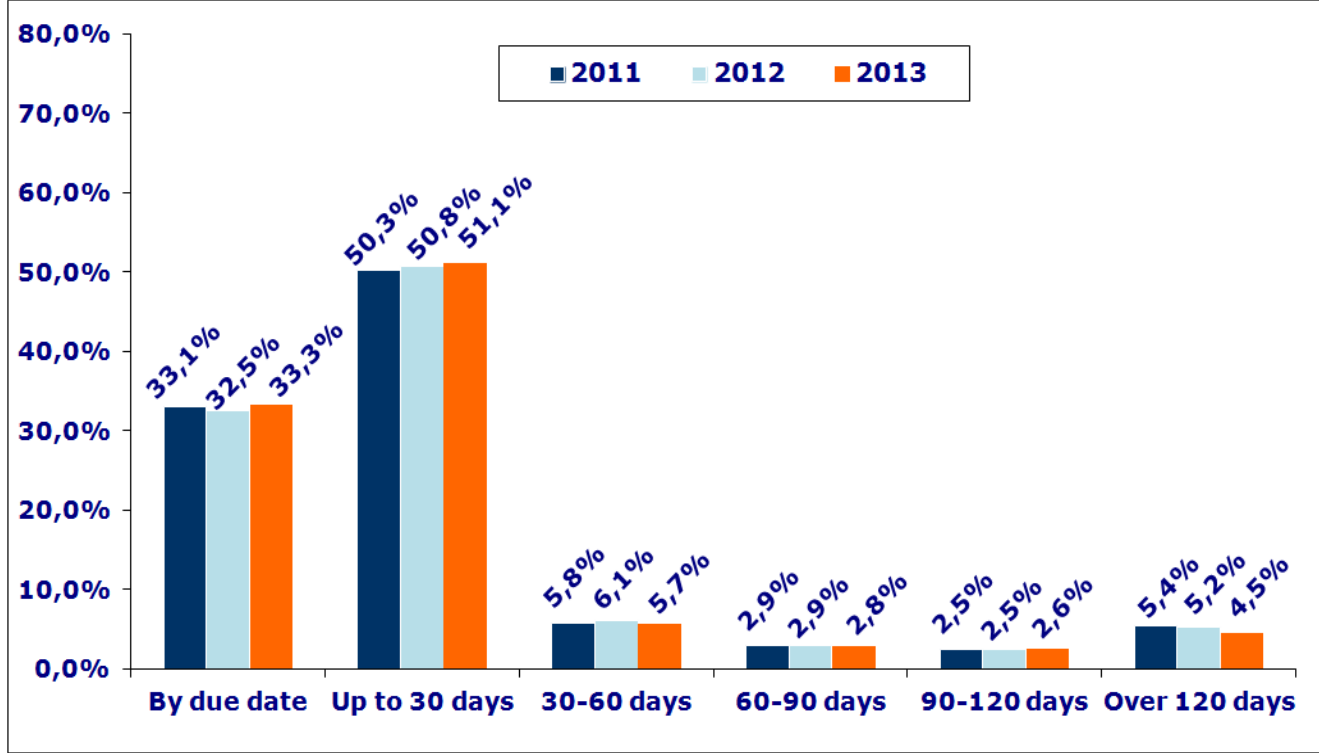
TABLE 1.3 SOURCE: HUAXIA D&B CHINA

VARIATIONS IN PAYMENT PRACTICES IN CHINA, 2011-2013

	Variation 2011/2013	Variation 2012/2013
By due date	+0,2%	+0,8%
Up to 90 days	+0,6%	-0,2%
Over 90 days	-0,8%	-0,6%

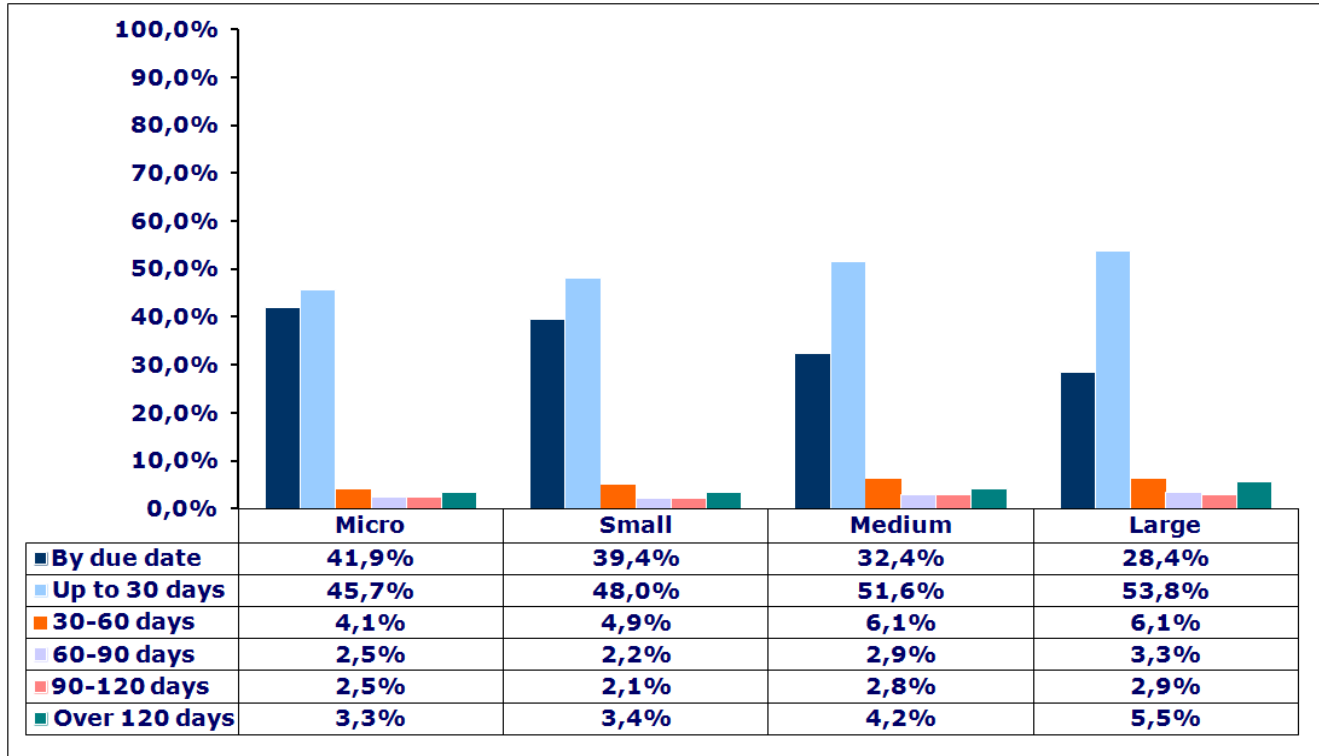
GRAPH 1.4 SOURCE: HUAXIA D&B CHINA

PAYMENT PRACTICES IN CHINA BY PAYMENT CLASS, 2011-2013



GRAPH 1.5 SOURCE: HUAXIA D&B CHINA

PAYMENT PRACTICES IN CHINA BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN CHINA BY PRODUCT SECTOR, 2013

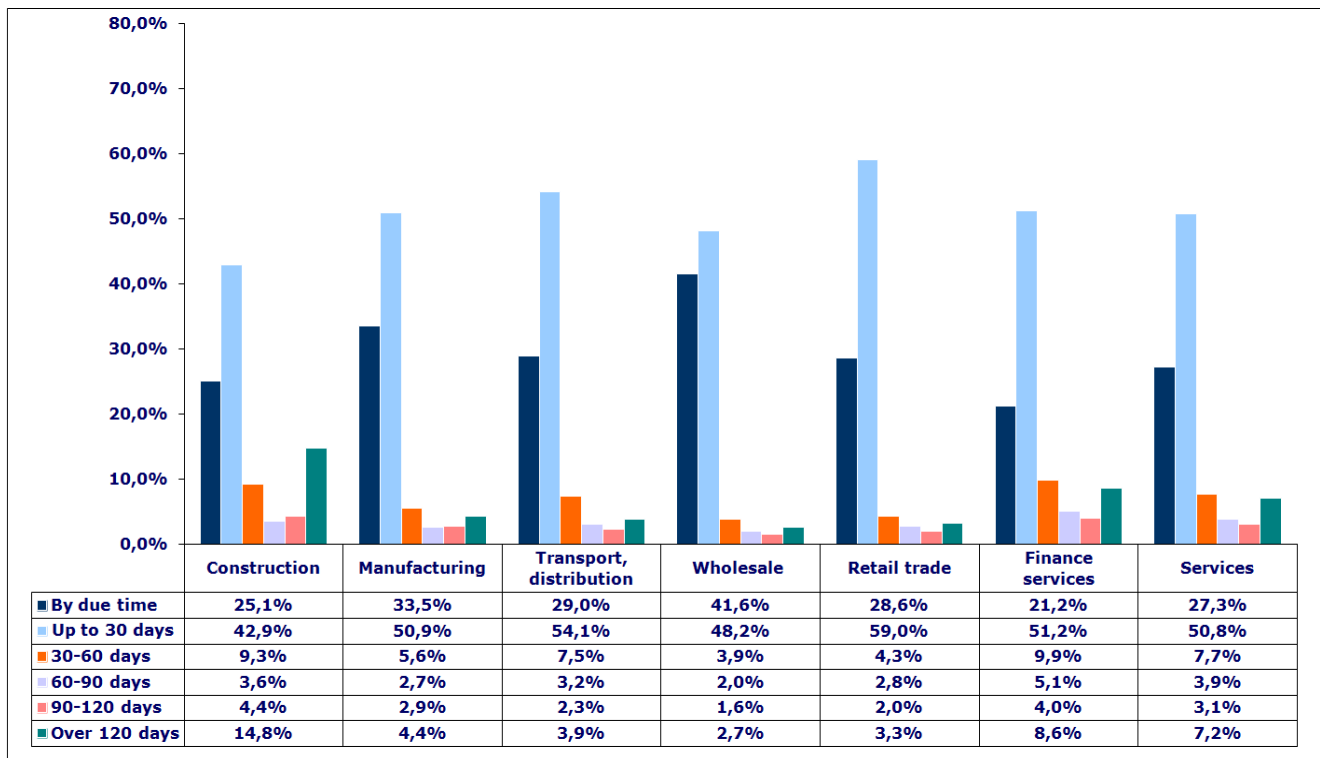


TABLE 1.7 SOURCE: HUAXIA D&B CHINA

SECTORS WITH THE BEST PAYMENT RECORDS IN CHINA, 2013

Sector	Ranking 2013
PRINTING AND PUBLISHING	1
WHOLESALE TRADE - NONDURABLE GOODS	2
APPAREL AND OTHER TEXTILE PRODUCTS	3
BUILDING MATERIALS AND GARDEN SUPPLIES	4
LEATHER AND LEATHER PRODUCTS	5
FURNITURE AND FIXTURES	6
FURNITURE AND HOMEFURNISHINGS	7
LUMBER AND WOOD PRODUCTS	8
MISCELLANEOUS MANUFACTURING INDUSTRIES	9
TEXTILE MILL PRODUCTS	10

TABLE 1.8 SOURCE: HUAXIA D&B CHINA

SECTORS WITH THE WORST PAYMENT RECORDS IN CHINA, 2013

Sector	Ranking 2013
HEALTH SERVICES	46
HEAVY CONSTRUCTION, EXCEPT BUILDING	45
REAL ESTATE	44
ELECTRIC, GAS AND SANITARY SERVICES	43
COMMUNICATIONS	42
GENERAL BUILDING CONTRACTORS	41
PETROLEUM AND COAL PRODUCTS	40
SPECIAL TRADE CONTRACTORS	39
HOLDING AND OTHER INVESTMENT OFFICES	38
STONE, CLAY AND GLASS PRODUCTS	37

2. TAIWAN

Below is the opinion of **Charles Hsu, D&O Reporting team leader** at **Dun & Bradstreet Taiwan**, on the economic scenario and payment situation in Taiwan.

"According to Global Insight, Taiwan was ranked as the 27th largest economy and the 5th highest foreign exchange reserves in the world, with the GDP of US\$474.3 billion and the foreign exchange reserves of US\$403.2 billion in 2012. With respect to the trade results, two-way trade decreased by 3.1% in 2012, but the trade surplus increased from US\$26.9 billion in 2011 to US\$30.7 billion in 2012.

The 2013 Nob Taiwan international trade amounts reached USD 46.27 billion (MoM -0.2%). The export amounts were USD 24.89 billion and the import amounts were 21.38 billion. The excess of exports were USD 3.51 billion (MoM+3.3%). The accumulated international trade amounts (Jan~Nov, 2013) were USD 523.52 billion. The export amounts were USD 277.63 billion with no change with no change year on year; the import amounts were USD 245.89 billion (YoY -1.1%). The excess of exports were 31.74 billion (YoY +19.3%).

As SMEs (Small- and medium-sized enterprises) and Corporations account for 94% and 6% of Taiwanese companies, respectively, the trends of SMEs are influential in Taiwan economics. Among 2012 yields of Taiwanese SMEs, as much as 85% is contributed by importers and only 15% are exports. In actual results, total international trade shipments of Taiwan in dollar value was USD 571.7 billion in 2012, slightly down by 3% from that of USD 589.7 billion in 2011. Nonetheless, 66% of SMEs predict stability/growth in annual profits in 2013 as a result of the ECFA (Economic Cooperation Framework Agreement) implemented between Taiwan and Mainland China.

According to the National Policy Foundation Research Report, Taiwan's GDP forecast for 2014 is around 3.17%, slightly increasing by 0.78% from 2.39% of the 2013 actual result. In general, the net profit margin average of Taiwan's SMEs improved 256 basis points to 3.37% in 2012, in contrast to 0.81% of 2011. SMEs are also improving in terms of (i) Accounts Receivable Turnover to 5.86 in 2012 from 5.20 in 2011 and (ii) Average Inventory Turnover to 4.48 in 2012 from 3.84 in 2011.

Moreover, the DGBAS (Directorate General of Budget, Accounting and Statistics), Executive Yuan has announced domestic investment of 2013 in dollar value reaching USD 79 billion, a great leap of 7.37% y-o-y (year-on-year). In actual trades, Taiwan's Value of Export Orders in January 2013 increased 18% y-o-y reaching USD 37 billion that have further evidenced the strong momentums from all sectors. In 2012, the top three exported products were (i) Electrical equipment and Machinery, (ii) Metal products and (iii) plastics & rubber products with primary exporting territories into (i) Mainland China & Hong Kong, (ii) the ASEAN-6 (Singapore, Malaysia, Philippines, Thailand, Indonesia and Vietnam) and (iii) the United States."

Payment analysis

The positive trend seen in this country since 2007 continues, bringing continual improvement in the management of the entire payment system and the achievement of levels which are, on average, among the best of those observed in this study.

Taiwanese companies have shown a continuous growth in punctual payments in the last year and in December 2013 there was a record high with a percentage of more than 74% of the total (+9,8% vs. 2007 and +4,2% vs. 2012).

The percentage increase in punctual payments compared with 2012 was more or less absorbed by the reduction in companies in the "Up to 30 days" class, with 23,0% of the total.

The share of companies that pay seriously late (over 90 days), on the other hand, is stable and less than 1% of the total.

Micro, Small and Medium companies have very balanced payment habits and that over 70% of the total respect the terms agreed with their suppliers.

In the case of larger companies, on the other hand, the percentage of companies that respect payment terms is lower at 57,8%, but this is compensated by the concentration in the moderate late payment class, limited to 30 days on average (39,6%).

In the intermediate classes (30-60 days and 60-90 days) there is a more or less uniform payment behavior, with values of between 1,7% and 2%.

In the serious late payment bracket (over 90 days on average), the most notable are Micro and Medium companies with a share of 0,8%.

The excellent payment performance of companies in Taiwan is also confirmed in payment habits divided by payment class and macro-sector.

All sectors show the largest percentage in the "By due date" class, with values varying between 71% and 78%.

The sector in which there is the greatest punctuality is Retail trade, meanwhile Finance services and Services have the highest share of companies that pay on average between 1 and 30 days late (over 25%).

The serious late payments range between 0,3 and 0,9 percentage points.

The top position in the classification of best payers is held by Petroleum and coal products with 84,3% of companies paying within agreed payment terms. In second and third positions are Water transportation (81,8%) and Building materials and garden supplies (80,8%).

The Apparel and other textile products sector, on the other hand, has the worst payment record in Taiwan, with 1,6% of companies paying seriously late (more than 90 days on average); second and third places in the classification of micro-sectors with more problematic payment behavior are held by Electric, gas and sanitary services (1,4%) and Textile mill products (1,3%).

TABLE 2.1 SOURCE: DUN & BRADSTREET TAIWAN

PERCENTAGE OF COMPANIES IN TAIWAN WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
Taiwan	64,7%	70,3%	74,5%

TABLE 2.2 SOURCE: DUN & BRADSTREET TAIWAN

PERCENTAGE OF COMPANIES IN TAIWAN WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

	2007	2012	2013
Taiwan	3,3%	1,0%	0,7%

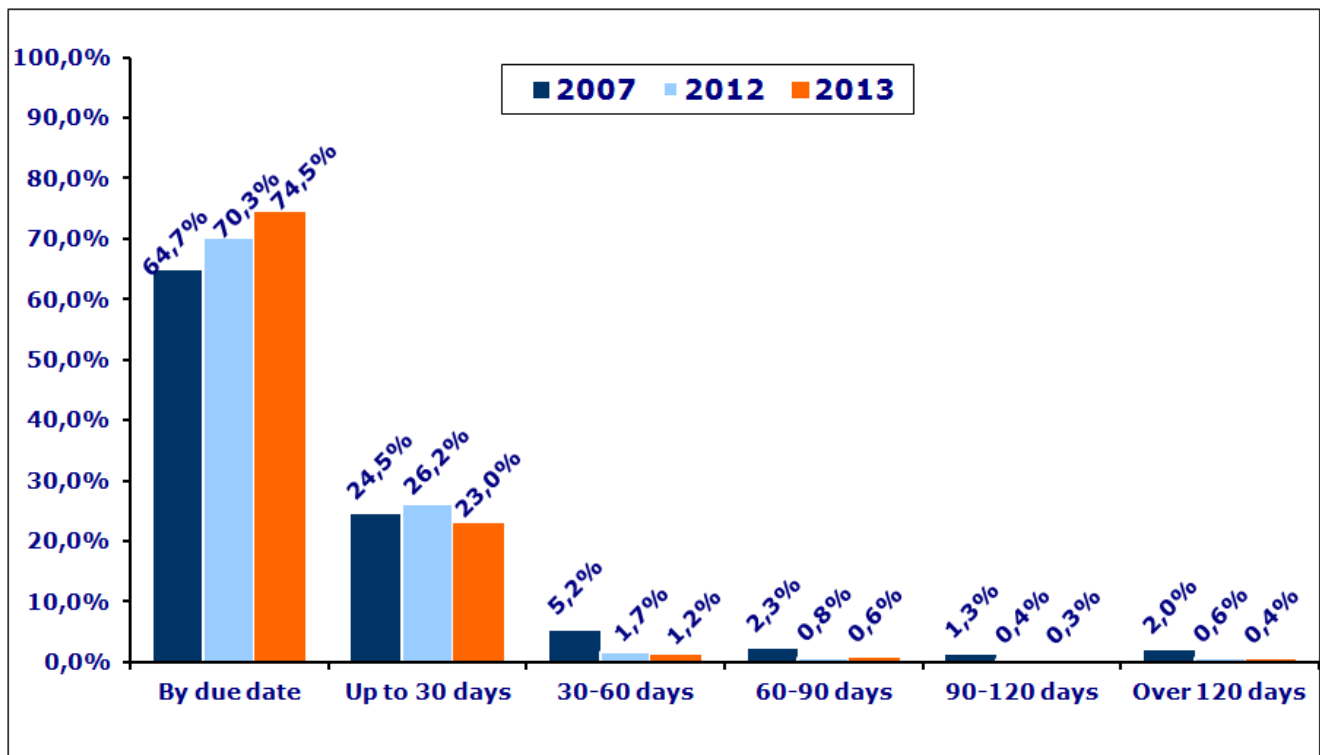
TABLE 2.3 SOURCE: DUN & BRADSTREET TAIWAN

VARIATIONS IN PAYMENT PRACTICES IN TAIWAN, 2007-2013

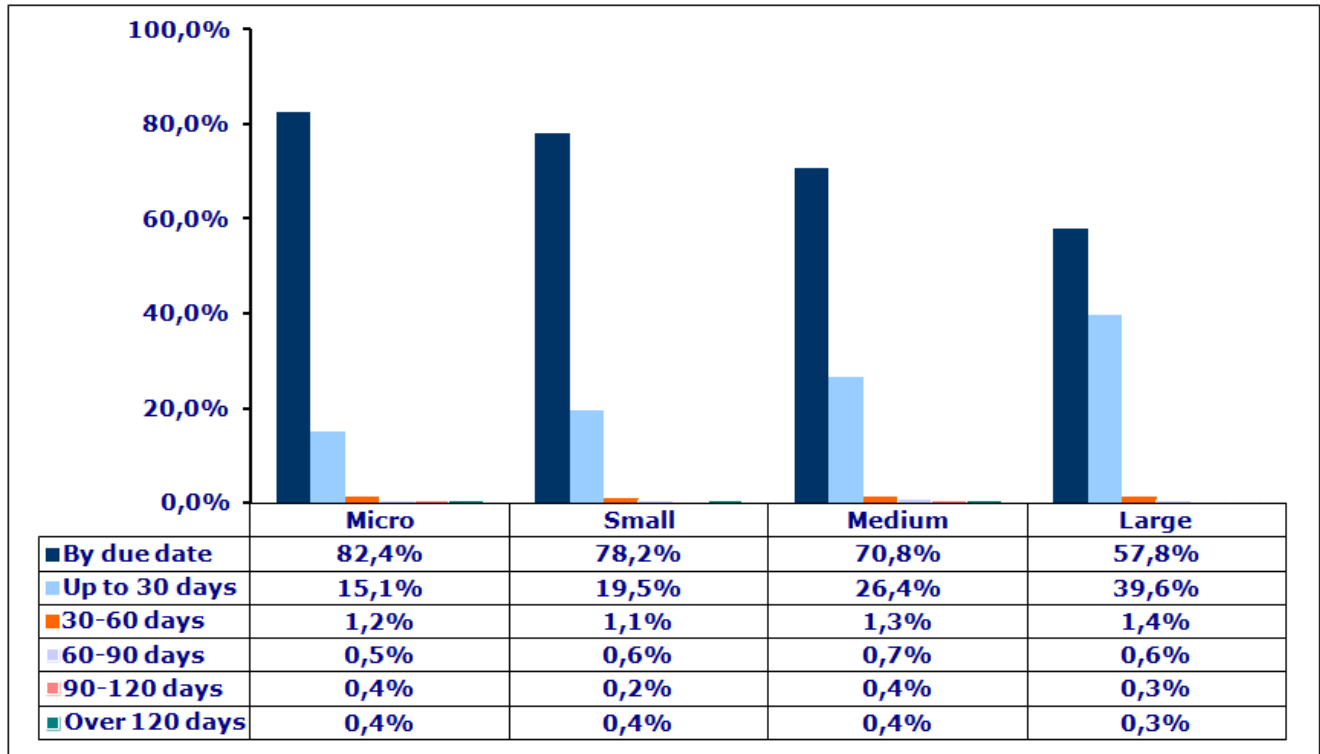
	Variation 2007/2013	Variation 2012/2013
By due date	9,8%	4,2%
Up to 90 days	-7,2%	-3,9%
Over 90 days	-2,6%	-0,3%

GRAPH 2.4 SOURCE: DUN & BRADSTREET TAIWAN

PAYMENT PRACTICES IN TAIWAN BY PAYMENT CLASS, 2007-2013



PAYMENT PRACTICES IN TAIWAN BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN TAIWAN BY PRODUCT SECTOR, 2013

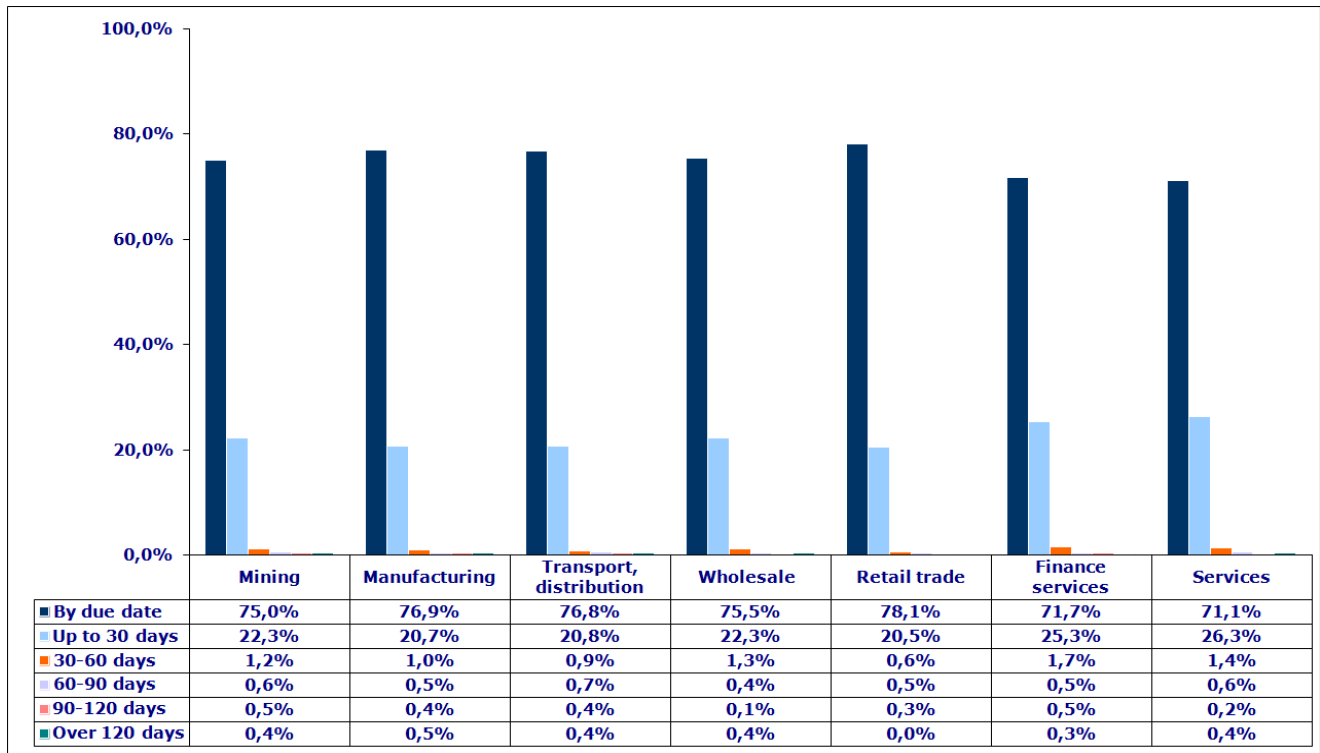


TABLE 2.7 SOURCE: DUN & BRADSTREET TAIWAN

SECTORS WITH THE BEST PAYMENT RECORDS IN TAIWAN, 2013

Sector	Ranking 2013
PETROLEUM AND COAL PRODUCTS	1
WATER TRANSPORTATION	2
BUILDING MATERIALS AND GARDEN SUPPLIES	3
SERVICES	4
MUSEUMS, BOTANICAL, ZOOLOGICAL GARDENS	5
OIL AND GAS EXTRACTION	6
GENERAL MERCHANDISE STORES	7
JUSTICE, PUBLIC ORDER AND SAFETY	8
PRIMARY METAL INDUSTRIES	9
TRUCKING AND WAREHOUSING	10

TABLE 2.8 SOURCE: DUN & BRADSTREET TAIWAN

SECTORS WITH THE WORST PAYMENT RECORDS IN TAIWAN, 2013

Sector	Ranking 2013
APPAREL AND OTHER TEXTILE PRODUCTS	38
ELECTRIC, GAS AND SANITARY SERVICES	37
TEXTILE MILL PRODUCTS	36
SECURITY AND COMMODITY BROKERS	35
INSURANCE AGENTS, BROKERS AND SERVICES	34
FABRICATED METAL PRODUCTS	33
TRANSPORTATION SERVICES	32
ANTHRACITE MINING	31
BUSINESS SERVICES	30
COAL MINING	29

3. HONG KONG

Below is the opinion of **Christina Fung** and **Jeffrey Wong**, **Project Manager and Manager Risk Management Consulting** at **Dun & Bradstreet (HK) Ltd**, on the economic scenario and payment situation in Hong Kong.

"According to the Census and Statistics Department of Hong Kong, the unemployment rate continued to decrease in the past few years. The official source revealed that it was gradually decreased from 4.3 % in 2010 to 3.1% (provisional figure) towards the end of 2013. The CPI maintained at 4.3% in 2013 which was slightly higher than that of 2012. Regarding the merchandize trade, the year-on-year growth of total exports was 3.6% in 2013.

Though all the economic indicators were positive, the payment experience collected from DUNTrade Programme in 2013 reflected a drop in database. Among all the existing DUNTrade participants, 36% recorded a growth in the number of payment experience while 53% recorded a decrease in the number of payment experience. The average number of submitted payment experiences was decreased by around 6% per DUNTrade participant. The remaining 11% of participants maintained at a stable level in terms of payment experience.

DUNTrade representatives revealed that some of those participants providing fewer payment experiences were suffered from loss of existing customers in 2013. As a result, their client base was contracted during last year. Moreover, the participants continued to adapt tight credit policy to manage their risk exposure at a controllable level. New customers were not granted with credit terms. Instead, all the transactions were required to be settled by COD. This might also explain the drop in number of payment experiences per DUNTrade participant.

Apart from the contracted number of clientele, it was reported that they also experienced a diminishing in the transactional amount. The net terms and credit limits granted to existing customers were similar to previous year. The collection issue against customers were less serious as their payment behaviour was positive in general. Therefore, the bad debt problem was generally improved during 2013. This might reflect that the quality of their customers was increased.

All in all, the economic situation and payment behaviour were positive in 2013. However, preventive measures, such as reviewing credit reports provided by credit agencies and buying insurance from insurance agencies, are still the common measures. By closely monitoring clients' payment behaviour, prompt action could be taken against the delay of payment."

Payment analysis

The payment situation in Hong Kong in 2013 does not show any significant changes compared to recent editions of the Payment Study.

The share of punctual companies was 31,7%, showing a fall of one percentage point compared with December 2012, in the large part absorbed by the Up to 90 days late payment class.

On the other hand, companies that pay over 90 days late are 1,9% of the total, a decrease of 0,5% compared with the previous year.

We can notice some important improvements in payment behavior if we consider the comparison with 2007: the percentage of companies that respect agreed payment terms has increased by 2,6%, payers in the "Up to 30 days" have grown by 19,5 percentage point and the share of "bad payers" (payment over 90 days late on average) has decreased by 4,9%.

Looking at company size, there is again a widespread tendency by Hong Kong companies to pay between 1 and 30 days late, with concentrations from 51,8% (Micro) to 60,8% (Large).

Micro and Small companies show more balanced payment behavior with 38,2% and 34,3% of punctual companies, respectively.

For late payments, Large companies stand out as having certain problems. Unlike the other company types under consideration, over 18,5% of these companies show late payments of between 30 and 90 days on average, and a further 4,3% exceed 90 days on average.

The sectors with the highest concentration of punctual payments are Services, with a percentage of 36,8%, and Wholesale, with 34,7% of the total.

The payment class with the highest percentage is the moderate late payment class, limited to 30 days on average, with percentages varying from 47,4% for Services to 64,3% for the Retail trade sector.

The Wholesale sector also has a good result with 90,9% of payments being made within a maximum of 30 days beyond the agreed payment deadline.

In the other more serious late payment classes, the Construction and Finance Services sectors have negative results: the two sectors have 22,3% and 20,5% of companies, respectively, that pay between 30 and 90 days late, while more than 5% pay more than 90 days late on average.

In conclusion, Hong Kong companies continue to show difficulties in payments compared to other countries in the Payment Study.

TABLE 3.1 SOURCE: DUN & BRADSTREET (HK) LTD

PERCENTAGE OF COMPANIES IN HONG KONG WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
Hong Kong	29,1%	32,7%	31,7%

TABLE 3.2 SOURCE: DUN & BRADSTREET (HK) LTD

PERCENTAGE OF COMPANIES IN HONG KONG WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

	2007	2012	2013
Hong Kong	6,8%	2,4%	1,9%

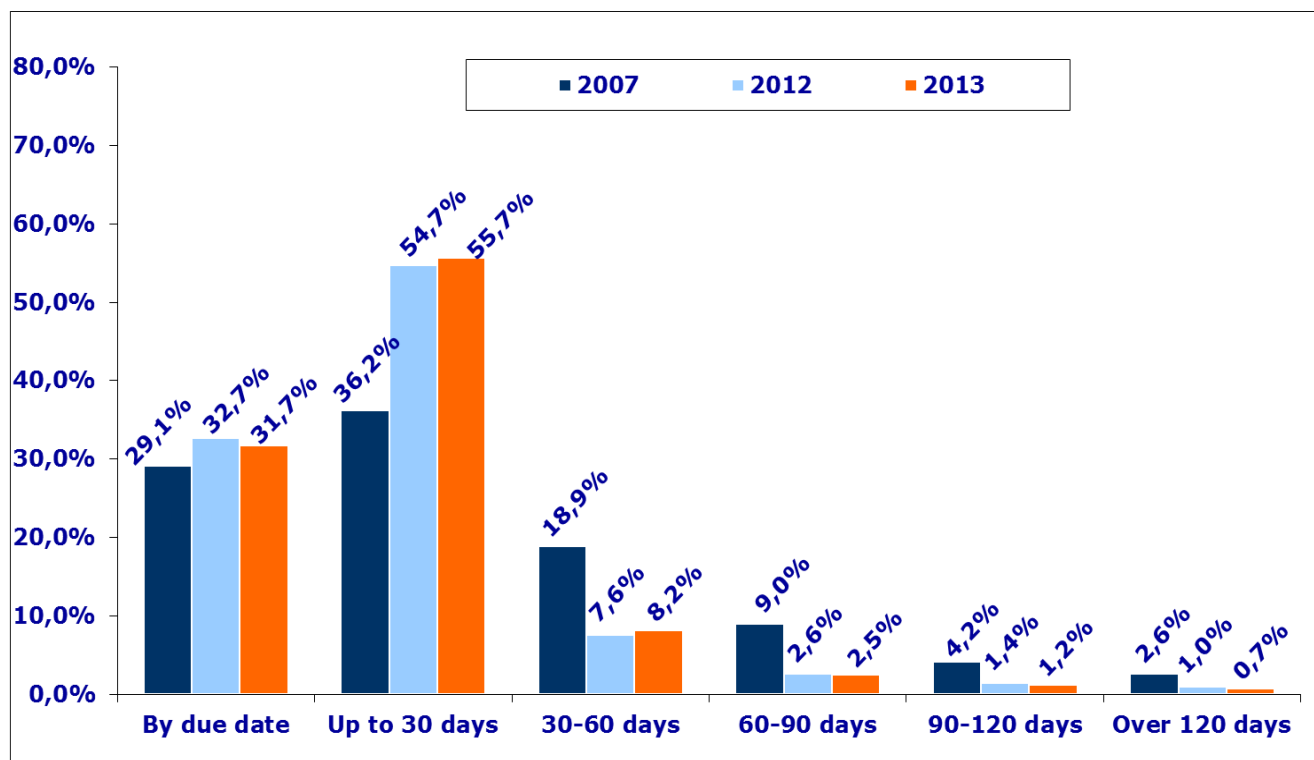
TABLE 3.3 SOURCE: DUN & BRADSTREET (HK) LTD

VARIATIONS IN PAYMENT PRACTICES IN HONG KONG, 2007-2013

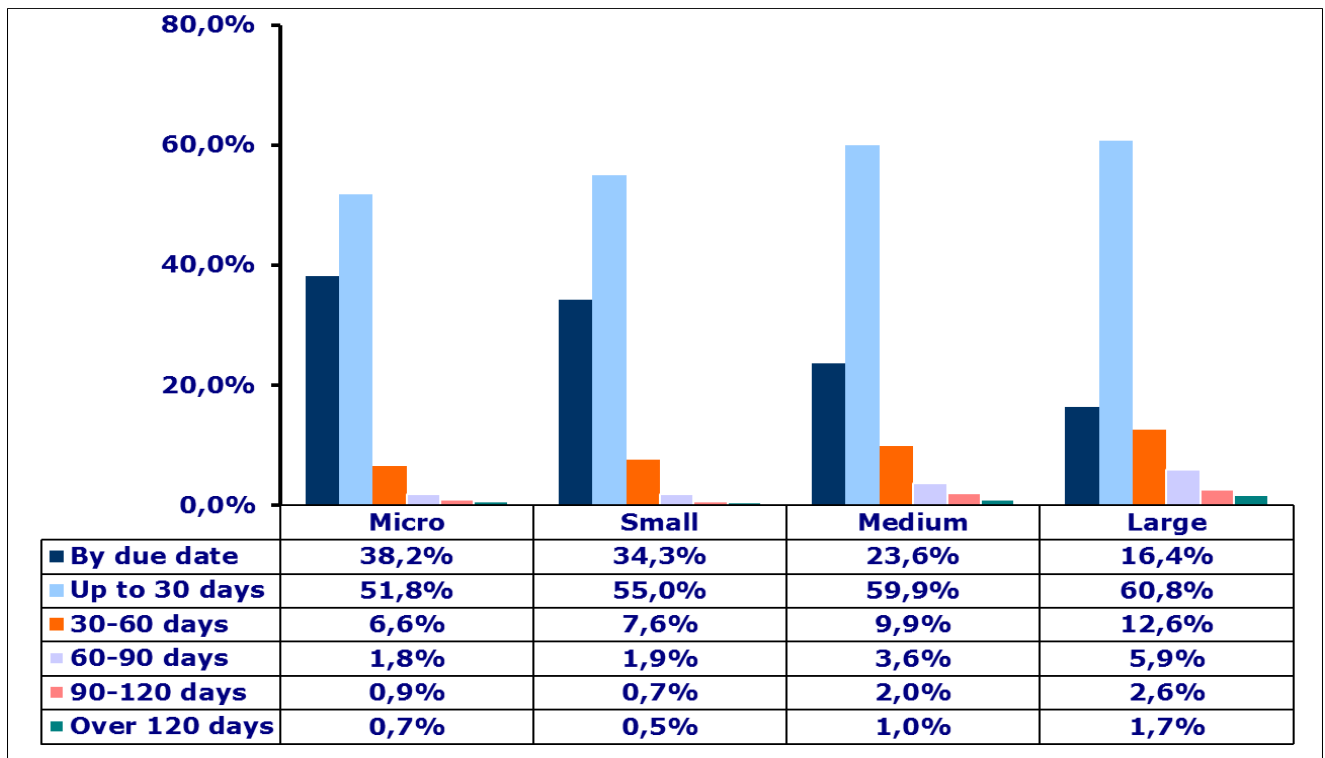
	Variation 2007/2013	Variation 2012/2013
By due date	2,6%	-1,0%
Up to 90 days	2,3%	1,5%
Over 90 days	-4,9%	-0,5%

GRAPH 3.4 SOURCE: DUN & BRADSTREET (HK) LTD

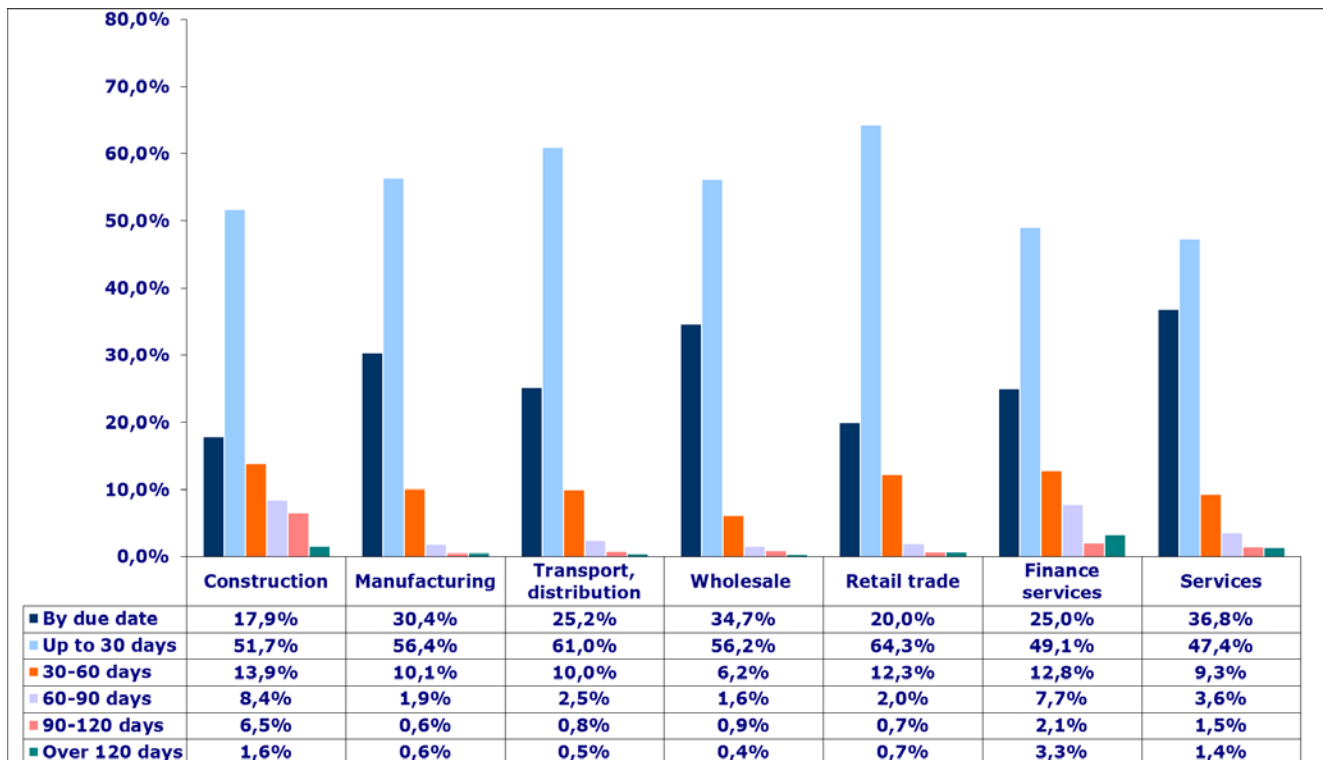
PAYMENT PRACTICES IN HONG KONG BY PAYMENT CLASS, 2007-2013



PAYMENT PRACTICES IN HONG KONG BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN HONG KONG BY PRODUCT SECTOR, 2013



4. MEXICO

Below is the opinion of **Arturo Castro, Country Manager at D&B México**, on the economic scenario and payment situation in Mexico.

"In Mexico in 2013, companies reacted to difficulties arising from the financial crisis by taking risk decisions not only based on the financial situation, but also considering other issues like trade tape, suits and commercial references. The macro-economic situation in Mexico is strong and healthy and it means a low impact. Mexico has done several reforms that will create an excellent business environment.

The payment terms granted by Mexican companies are 30–45 days, and these haven't increased a lot in recent years.

Among the most important causes of payment delays are bad and not enough information, and wrong credit processes. These causes could be some issues in just some sectors like construction and business with government that usually takes more time to pay.

To improve their DSO and Working Capital, companies are trying to analyze the credit process in detail, following the collection per week, and working with sales departments in order to solve the problems.

Estimates show that the Mexican economy will continue growing during 2014. In addition, inflation will remain more or less stable with a quarterly average of 3.4%. If USA begins to growth, Mexico will growth as well.

Episodes of global volatility that may depreciate the Peso are not dismissed, but as long as these events are not too far from the positive growth forecasts for Mexico and the commitment with the deficit and public debt goals is not at risk, it would be reasonable to assume that the exchange rate will remain close to 13.0 – 13.5 Pesos per Dollar on average for the coming quarters. All this perspective will maintain stable and growing in 2014 and will be very attractive to do business in Mexico."

Payment analysis

Mexico has one of the best performance both for punctual payments and serious late payments and it is important to add that this country has a increasing trend compared to last year.

At the end of 2013, there have been notable variations in the payment classes. The percentage of punctual payments reached 56,9% of the total, with a increase compared to the 2012 level (52,9%), meanwhile companies that pay over 90 days late on average account for 0,4% and show an improving trend.

Compared with 2010, there have been significant changes: punctual payers have suffered a 13,1% decrease, meanwhile serious late payers (over 90 days on average) have decreased by 0,4%. Compared with last year, there has been a buildup in punctual payers (4%), and a slight decrease in the "Up to 90 days" class.

The most part of Mexican companies pay suppliers within agreed terms; in particular, Small and Medium companies have a more balanced payment behavior with a share of "good payers" above 62%.

In the Large company category, on the other hand, around 43% of companies are concentrated in the "Up to 30 days" bracket, and a further 2,1% pay between 30 and 90 days late.

In the more serious late payment classes, the pattern is more or less uniform, and all categories have moderate percentages, with values varying between 0,3% (Large) and 0,5% (Micro).

The best payment performances are seen in the Agriculture, forestry, hunting and fishing and Construction sectors, with 70,7% and 68,5% of punctual payers, respectively.

On the other hand, performance is less positive in the Retail trade and Transport and distribution sectors: not only do they have concentrations of punctual companies below 50%, but they are also sectors with the highest percentages of "bad payers" (over 0,6%).

It is worth noting that the values recorded for serious late payments are rather contained: Mexican companies manage to contain late payments (up to 30 days) in the cases where they do not respect agreed time limits.

Narrowing down of study to micro-sectors, in first place in the classification of best payers are Special trade contractors (from the construction sector) and Agricultural production - Crops, both with over 74% of companies respecting the payment terms agreed with trading partners.

On the contrary, the worst performance relates to the Services sector, with 2,9% of companies paying seriously late (over 90 days on average) and Transportation by air with a percentage of 1,4%.

Therefore, the good state of health of the payment system for Mexican companies has been confirmed over the last twelve months.

TABLE 4.1 SOURCE: D&B MEXICO

PERCENTAGE OF COMPANIES IN MEXICO WITH ON TIME PAYMENTS, 2010-2013

	2010	2012	2013
Mexico	70,0%	52,9%	56,9%

TABLE 4.2 SOURCE: D&B MEXICO

PERCENTAGE OF COMPANIES IN MEXICO WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2013

	2010	2012	2013
Mexico	0,8%	0,5%	0,4%

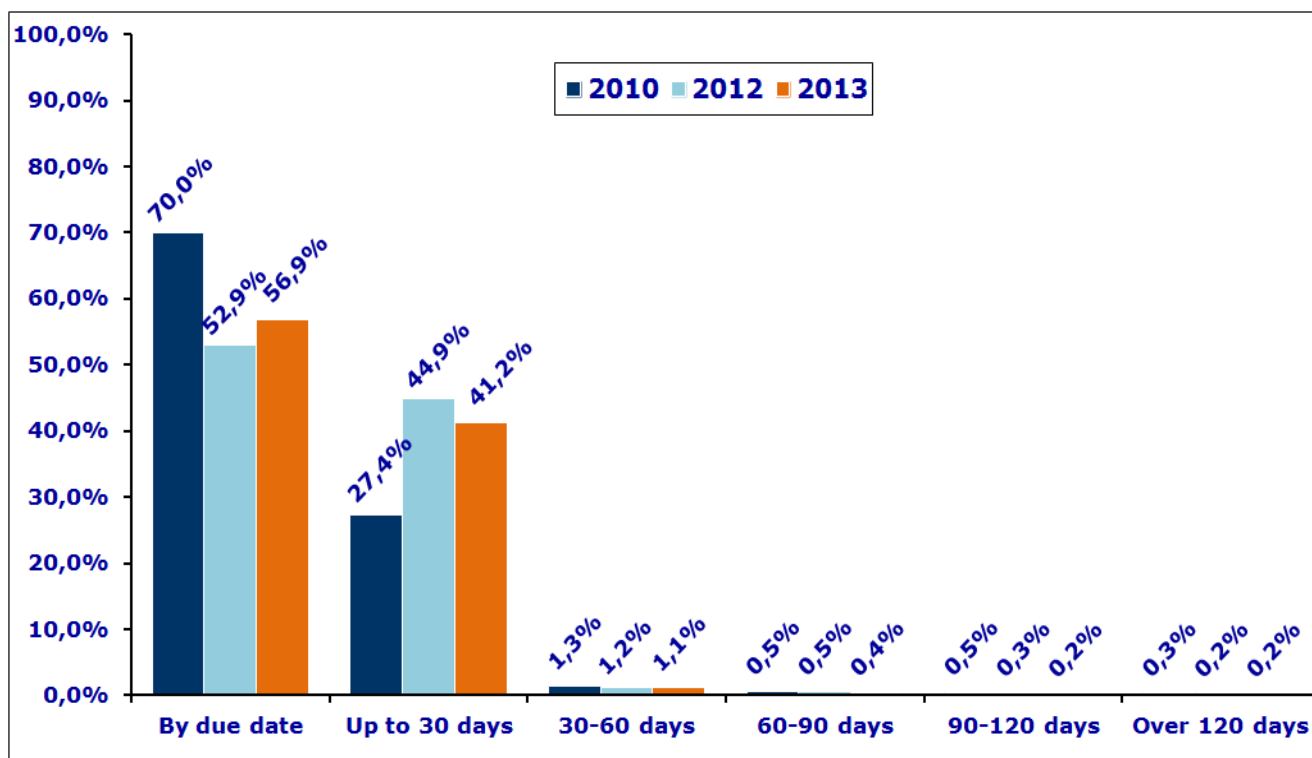
TABLE 4.3 SOURCE: D&B MEXICO

VARIATIONS IN PAYMENT PRACTICES IN MEXICO, 2010-2013

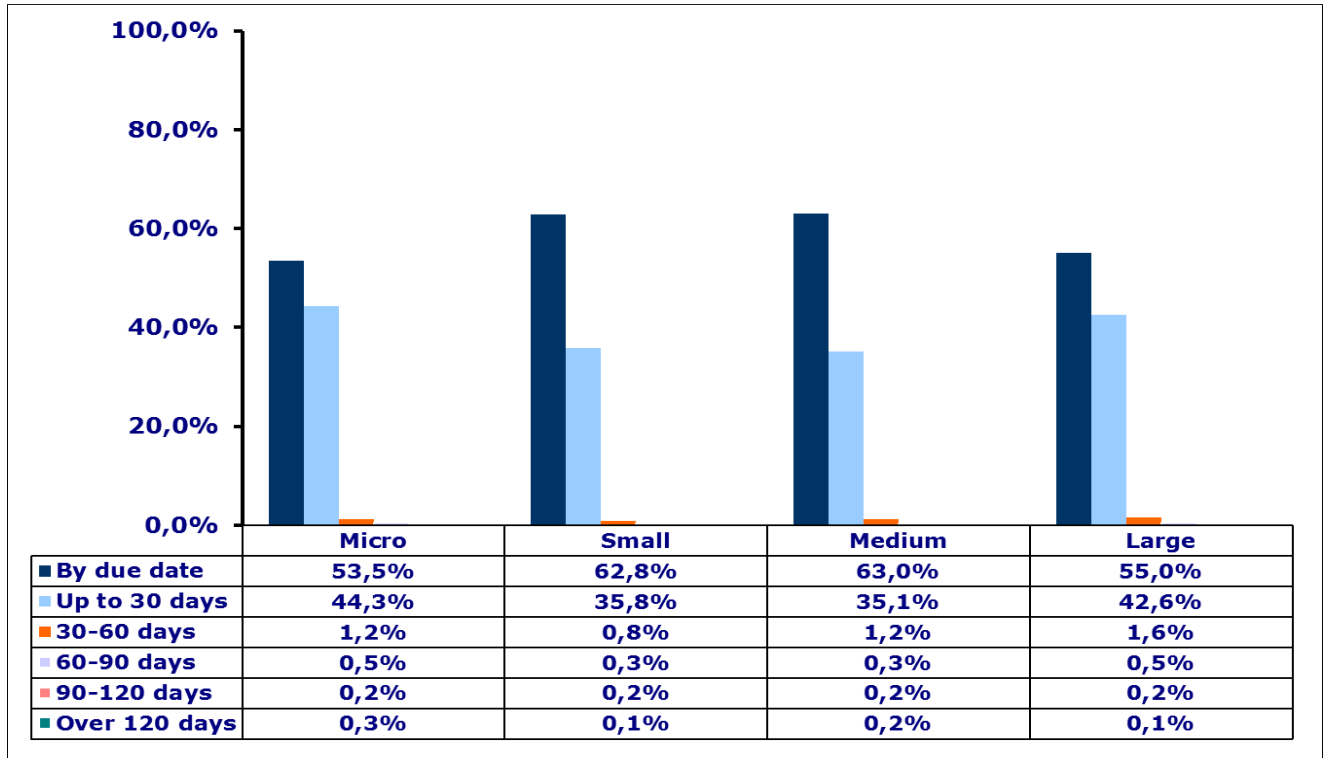
	Variation 2010/2013	Variation 2012/2013
By due date	-13,1%	4,0%
Up to 90 days	13,5%	-3,9%
Over 90 days	-0,4%	-0,1%

GRAPH 4.4 SOURCE: D&B MEXICO

PAYMENT PRACTICES IN MEXICO BY PAYMENT CLASS, 2010-2013



PAYMENT PRACTICES IN MEXICO BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN MEXICO BY PRODUCT SECTOR, 2013

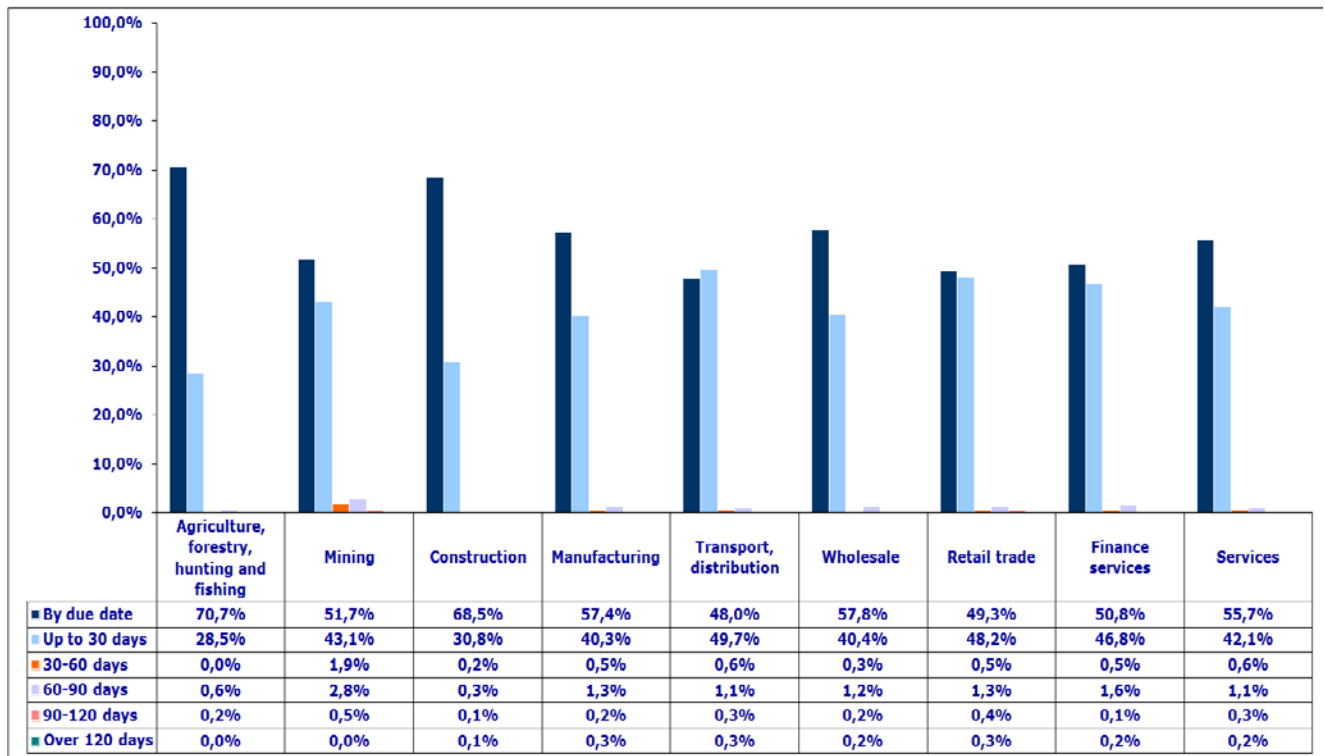


TABLE 4.7 SOURCE: D&B MÉXICO

SECTORS WITH THE BEST PAYMENT RECORDS IN MEXICO, 2013

Sector	Ranking 2013
SPECIAL TRADE CONTRACTORS	1
AGRICULTURAL PRODUCTION - CROPS	2
LUMBER AND WOOD PRODUCTS	3
HEAVY CONSTRUCTION, EXCEPT BUILDING	4
GENERAL BUILDING CONTRACTORS	5
ELECTRIC, GAS AND SANITARY SERVICES	6
MISCELLANEOUS REPAIR SERVICES	7
PRINTING AND PUBLISHING	8
FABRICATED METAL PRODUCTS	9
BUILDING MATERIALS AND GARDEN SUPPLIES	10

TABLE 4.8 SOURCE: D&B MÉXICO

SECTORS WITH THE WORST PAYMENT RECORDS IN MEXICO, 2013

Sector	Ranking 2013
SERVICES	57
TRANSPORTATION BY AIR	56
HOTELS AND OTHER LODGING PLACES	55
HEALTH SERVICES	54
EATING AND DRINKING PLACES	53
TRANSPORTATION EQUIPMENT	52
MISCELLANEOUS RETAIL	51
TEXTILE MILL PRODUCTS	50
STONE, CLAY AND GLASS PRODUCTS	49
ELECTRONIC AND OTHER ELECTRIC EQUIPMENT	48

5. UNITED STATES

Below is the opinion of Dun & Bradstreet Inc. United States on the economic scenario and payment situation in USA.

"Despite the slow start to the year, the US expansion remains on track and we expect near-3% growth in 2014. The labor market continued its broad recovery in March, adding 192,000 net jobs following 197,000 in job gains (upwardly revised by 22,000) in February. This brought average growth in employment to 177,000 in Q1 2014, still below the 2013 average of 194,000 per month. The headline unemployment rate held at 6.7%, as job gains were just enough to absorb the new workers entering the labor force. We expect topline payroll employment to increase at a healthy pace in Q2, and, with weather effects completely removed, to provide a better prognosis of labor market health. The March job report was in line with expectations (D&B had forecast gains of 197,000), which implies that the Fed will stick to its current monetary policy strategy for the time being. Looking past the headline numbers, alternative measures of job creation also suggest that the labor market will steadily strengthen; initial claims for unemployment insurance finally edged down to the 300,000 mark in early April, signaling that fewer people are getting fired. The last time claims were near this level was in May 2007 before the Great Recession. JOLTS data show that the actual number of job openings is also rising steadily and reached 4.17 million in February (it is still short of the pre-recession high of 4.66 million). D&B upgraded USA's country risk rating by one quartile to DB2a in early 2014.

At its last monetary policy meeting on March 19, the Fed continued tapering its bond buying program (QE) and reduced bond purchases by USD10bn to USD55bn per month. We expect the Fed to keep truncating bond purchases at a measured pace over the next few meetings, bringing it down to zero by the end of 2014. The central bank reiterated in March that it plans to keep the Fed Funds Rate at its historic low for "a considerable time after the asset purchase program ends." More notably, the Fed dropped its explicit threshold of 6.5% unemployment rate from the FOMC statement. Instead, the committee opted for qualitative enhancements to its forward guidance which suggest that policy makers will take into account broader measures of activity and labor market health. The FOMC projects an average unemployment rate between 6.1% and 6.3% for the year 2014. With the current rate of labor force participation, the US will need to add close to 200,000 jobs per month to reach that target. However, as job gains pick up, we expect workers to enter the labor force at a faster pace, slowing the decline in the overall jobless rate; the number of long-term unemployed (those jobless for 27 weeks or more) changed very little to reach 3.7m in March. Part of this population is expected to start looking for full-time employment as opportunities grow over the year. The Fed also removed explicit inflation targeting language from its policy statement in March. Price growth remains benign as CPI inflation, both headline and core, has stubbornly held below 2%; headline and core PCE inflation used by the Fed to guide its policy has averaged even lower. We do not expect a hike in the interest rate before H2 2015.

Given the importance of the US dollar to the world economy, we expect global financial fluctuations to multiply closer to the Fed's eventual rate hike, both in terms of the timing and the pace at which rates rise. As global investors place increasing premium on stronger fundamentals, some emerging economies are likely to weather more turbulence than others. This has indirect implications for US growth via net exports; in February, weak foreign demand caused US exports

to fall 1.1% while imports rose 0.4%, widening the trade deficit to 7.7% of GDP. Exports to China dropped 4.6%, while imports from China fell 19.5% (although part of the drop in imports was likely caused by the Chinese New Year). Exports, and the trade balance, are expected to improve in coming months; the new export orders component of the ISM Manufacturing PMI advanced from 53.5 in February to 55.5 in March. Nevertheless, Q1 2014 GDP numbers will see lesser contribution from net exports. GDP growth will fall short of the 2.6% pace set in Q4 2013. For the year 2014 we expect GDP growth to come in at 2.8%, accelerating to 3.1% in 2015.

Two factors underscoring our positive outlook are the ongoing recovery in the housing market and the potential strength of business investment. While the housing industry still has massive ground to cover, building activity, as measured by housing permits and starts, has steadily trended upward since H2 2013. Nationwide home prices measured by the S&P/Case-Shiller index have risen for seven straight quarters, with price growth strengthening to 11.3% y/y in Q4 2013. Business investment has disappointed lately, but if we ignore just one quarter of data and look at the overall picture since the recovery started, investment is primed to turn around in the near term as businesses remain highly profitable and cost pressures are low. Corporate profits increased for three straight quarters to Q4 2013 to reach an all-time high and are nearly 30% higher than their previous high in 2006.

We expect the public sector to be less of a drag on economic growth in 2014, but risks associated with the government sector remain. There is still political pressure to reduce overall government debt, which amounted to 122% of GDP at the end of Q4 2013. Mere reliance on expanding tax revenues thanks to the growing economy will not alone be enough to address the wider fiscal deficit problems associated with structural issues like rising healthcare and pension expenses due to the US' aging population. A medium-term fiscal plan (including social benefits and tax reforms), which allows a gradual fiscal consolidation with minimal disruption to economic growth, has yet to be agreed upon. Only temporary measures have been agreed so far. The package includes the December 2013 two-year budget programme, which provided partial relief from the sequester and legislation that suspended the country's borrowing ceiling (therefore removing the spectre of a US debt default) until March 2015.

D&B continues to recommend SD terms for most transactions with US customers, while usual terms are between 30 and 60 days. Local delays and FX/bank delays are one of the shortest among the countries monitored by D&B, standing at 0-2 months. The D&B Small Business Health Index recorded slight erosion in February for the third straight month, as the drag from the harsh winter continued to show up in the data. Given the leading nature of the SBHI, this introduces caution into our outlook for the payments environment, but we leave trade terms unchanged, for now. Business confidence is improving; both the manufacturing and non-manufacturing PMI's edged up above 53 in March, indicating that entrepreneurs expect to see a pickup in growth in coming months."

Payment analysis

The US payment situation in 2013 is stable compared with previous years, showing good performance in terms of punctual payments and some problems in relation to serious late payments.

It can be seen that over 53% of companies are in the "By due date" payment class (+2,8% vs. 2012), whereas a further 37% are in the moderate late payment class for payments up to 30 days late on average.

The other payment classes are more or less stable compared with 2012 levels: 4,5% of US companies pay between 30 and 90 days late on average, whereas 5,1% of the total demonstrate a rather critical management of payments, paying suppliers more than 90 days late on average.

Compared with 2007, there has been a net improvement in punctual payments with an increase of 9,9 percentage points, meanwhile there has been a 0,2% increase in companies paying seriously late and a decrease of 10,1% in the "Up to 90 days" class.

Micro companies are the best payers in the United States, with 57,9% in the punctual payment class.

As size increases, the percentage of "good payers" gradually decreases down to a minimum of 13,3% for Large companies, for which there is a greater tendency to pay moderately late (83,8% in the "Up to 30 days" class).

In the intermediate late payment class there are around 4,5% of Micro and Small companies, whereas in the over 90 days bracket the concentrations exceed 5 percentage points.

Finally, only 0,8% of Large companies pay their suppliers seriously late, with the best performance for this variable.

Agriculture, forestry, hunting and fishing is the sector with the highest concentration of punctual payments (63,4%); this is followed by Finance Services with 60,3% and Services with 56,9% of the total.

Retail trade is marked by the highest percentages of intermediate late payments (between 30 and 90 days on average) with 6% of the total.

In the serious late payment class (over 90 days late on average), the best performance is in the Mining sector with a percentage of bad payers of 2,3%, whereas all other sectors have values above 4,4% (8,1% for the Construction sector).

The top two micro-sectors with the best performances have remained unchanged in recent years, namely Agricultural production - Crops and Agricultural production – Livestock, with shares of punctual payers above 74%.

The worst payment performance, on the other hand, is seen for the Non-depository institutions sector with 13,2% of "bad payers", followed by Local and interurban passenger transit (10,8%) and Furniture and homefurnishings stores (8,6%).

TABLE 5.1 SOURCE: D&B INC. USA

PERCENTAGE OF COMPANIES IN THE USA WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
United States	43,5%	50,6%	53,4%

TABLE 5.2 SOURCE: D&B INC. USA

PERCENTAGE OF COMPANIES IN THE USA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

	2007	2012	2013
United States	4,9%	6,3%	5,1%

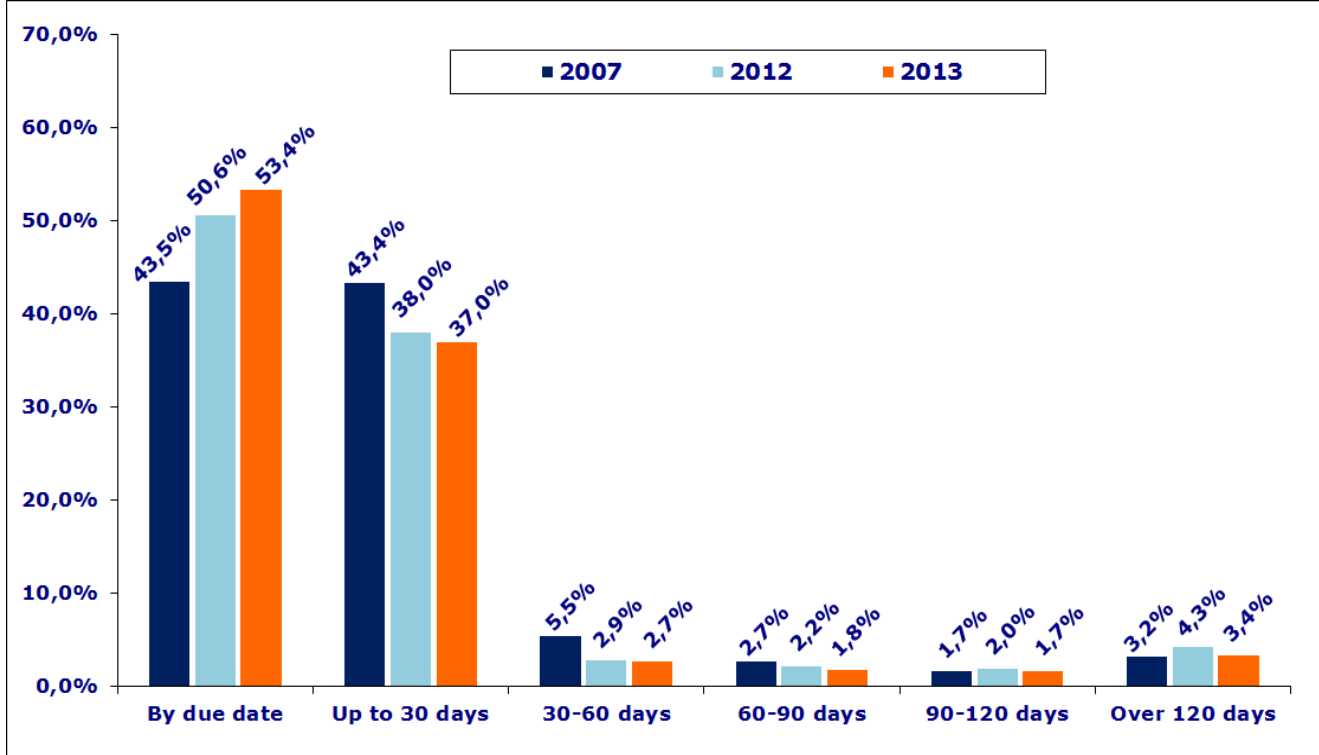
TABLE 5.3 SOURCE: D&B INC. USA

VARIATIONS IN PAYMENT PRACTICES IN THE USA, 2007-2013

	Variation 2007/2013	Variation 2012/2013
By due date	9,9%	2,8%
Up to 90 days	-10,1%	-1,6%
Over 90 days	0,2%	-1,2%

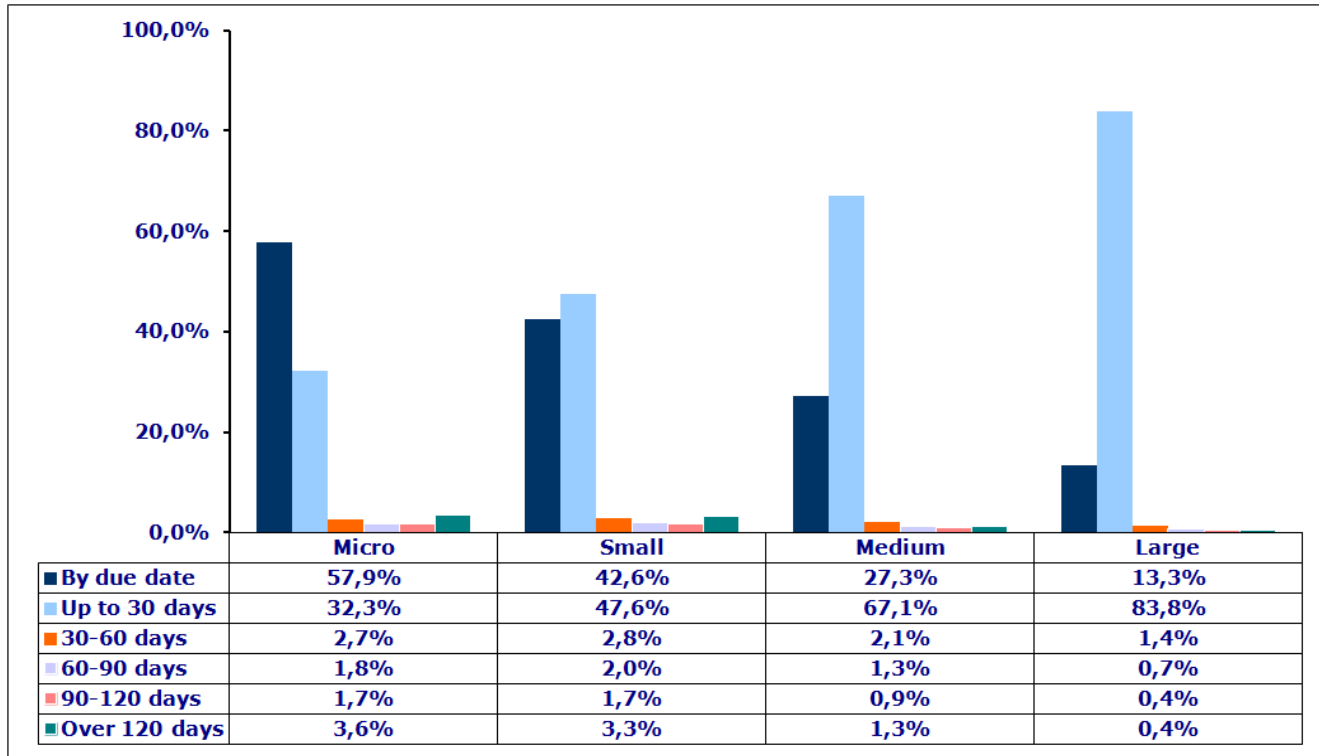
GRAPH 5.4 SOURCE: D&B INC. USA

PAYMENT PRACTICES IN THE USA BY PAYMENT CLASS, 2007-2013



GRAPH 5.5 SOURCE: D&B INC. USA

PAYMENT PRACTICES IN THE USA BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN THE USA BY PRODUCT SECTOR, 2013

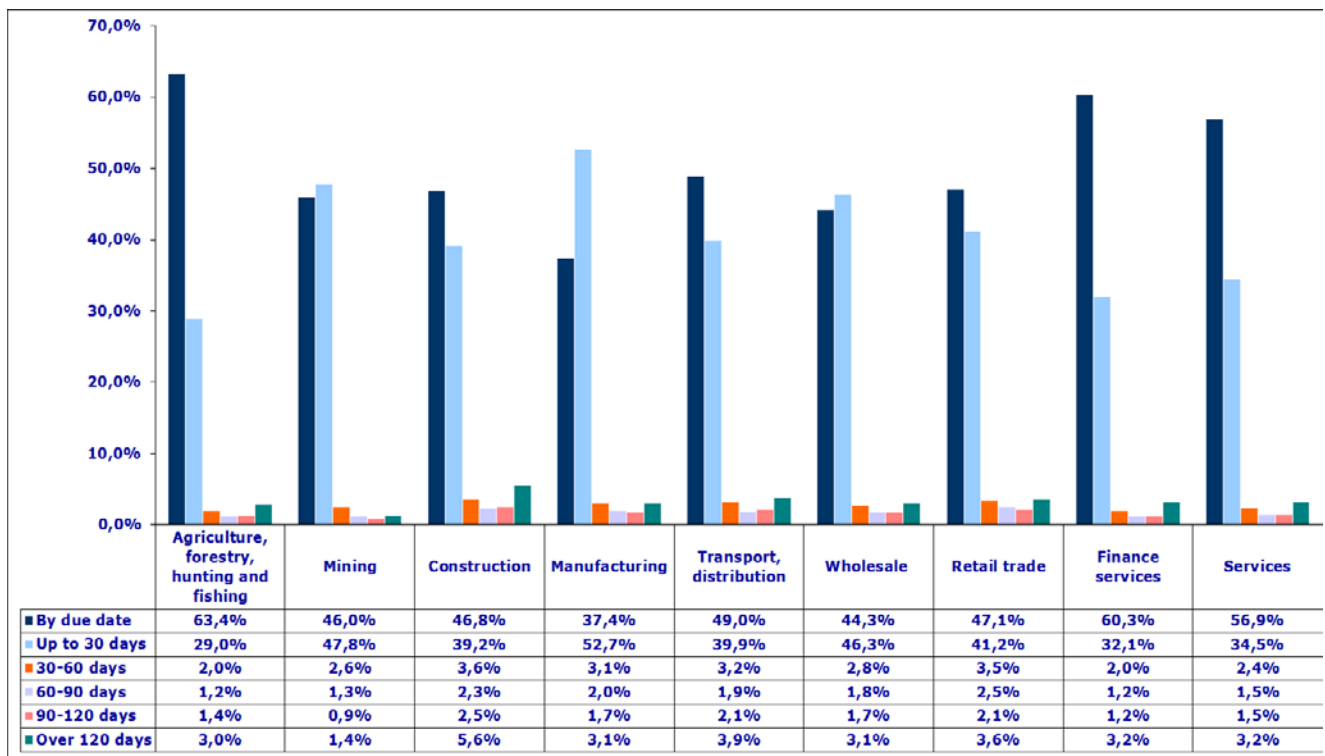


TABLE 5.7 SOURCE: D&B INC. USA

SECTORS WITH THE BEST PAYMENT RECORDS IN THE USA, 2013

Sector	Ranking 2013
AGRICULTURAL PRODUCTION - CROPS	1
AGRICULTURAL PRODUCTION - LIVESTOCK	2
HOLDING AND OTHER INVESTMENT OFFICES	3
FORESTRY	4
FISHING, HUNTING AND TRAPPING	5
BUSINESS SERVICES	6
SECURITY AND COMMODITY BROKERS	7
INSURANCE AGENTS, BROKERS AND SERVICE	8
SERVICES	9
ENGINEERING AND MANAGEMENT SERVICES	10

SECTORS WITH THE WORST PAYMENT RECORDS IN THE USA, 2013

Sector	Ranking 2013
NONDEPOSITORY INSTITUTIONS	81
LOCAL AND INTERURBAN PASSENGER TRANSIT	80
FURNITURE AND HOMEFURNISHINGS STORES	79
AUTO REPAIR, SERVICES AND PARKING	78
MISCELLANEOUS REPAIR SERVICES	77
SPECIAL TRADE CONTRACTORS	76
GENERAL BUILDING CONTRACTORS	75
PERSONAL SERVICES	74
FURNITURE AND FIXTURES	73
TOBACCO PRODUCTS	72

6. CANADA

Below is the opinion of Dun & Bradstreet Inc. Canada on the economic scenario and payment situation in Canada.

"The short-term economic outlook remains positive on balance, with a modest acceleration in economic growth forecast for 2014 and 2015. The current economic expansion is largely supported by consumer spending and modest exports growth, but with little contribution provided by business investment. Consumer spending is being largely driven by expanding consumer credit and wealth effects from rising real estate and equity prices, and to a lesser extent job creation and rising real wages. The economy expanded by 0.7% quarter on quarter (q/q) in Q4 2013, bringing growth for the year to 2.0% year on year. While household spending and inventory build-up by firms were the major drivers of growth in Q4, exports also contributed after flat-lining in Q3. Retail sales recovered from a bad-weather induced dip in December and were up by 3.7% year on year (y/y) in January 2014. Household spending is expected to remain the key driver of growth in 2014 and 2015, although it also presents one of the main risks to continued economic growth in the short- to medium-term owing to a still weak jobs market, high levels of personal debt (the ratio of debt-to-disposable income was 164% in Q4 2013) and the risk of a price correction in the housing market and equity markets. D&B forecasts an acceleration of real GDP growth to around 2.3% in 2014 and 2.4% in 2015, with business investment and exports making a greater contribution; the Bank of Canada expects the economy to return to its full potential by the end of 2015.

At the end of 2013 D&B downgraded Canada's country risk rating by one quartile to DB2b as the labour market softened and risks grew in the housing sector. Despite the downgrade, Canada's rating remains one of the best among D&B's coverage of 132 countries, with only 9 countries rated better.

A reliance on household spending, a weak jobs market, high levels of personal debt and the risk of a price correction in the housing market are threats to the short-term economic outlook. The economy created just 102,000 net jobs in 2013, the worst rate of job growth in a non-recession year since 2001. Month-to-month job creation has been subdued since August 2013, and one or two months of job growth being more or less wiped out by renewed job losses. The unemployment rate has fallen significantly from its recessionary high of 8.7% but remains high at 6.9% in March 2014, still a full percentage point above the pre-recession low of 5.9%. Consumer confidence is positive for now, but fragile given ongoing weaknesses in the labour market and record-high levels of personal debt. House prices could be overvalued by more than 20.0% in some regions and the over-stretched nature of the market makes it vulnerable to a price correction, which could quickly undermine consumer confidence, the banking sector and the broader economy. Recognising these risks, the Bank of Canada left its benchmark policy interest rate at 1.0% in March 2014. Over the past two years, the Canadian government has taken repeated steps to cool down house prices, and a deceleration in both permit issuance and housing starts is encouraging. The Bank still forecasts a "soft landing" in the housing market.

The Manufacturing Purchasing Managers' Index was at 53.3 in March, and has been above the 50-mark separating expansion from contraction for twelve consecutive months. Export oriented firms have seen increased output and new business, largely as a result of stronger demand from the US and on-going weakness of the Canadian dollar. The Canadian dollar has depreciated from C\$1.03:US\$1 at end-September 2013 to C\$1.11:US\$1 at end-March 2014, near its lowest level against the US dollar since 2009 as the Bank of Canada (BOC) has taken a more dovish tone than the US Federal Reserve. The Canadian dollar could experience a sustained period of weakness in 2014 against the US dollar as the US reigns in quantitative easing and Canadian interest rates are kept on hold at 1%. The picture may change towards the end of the year and in 2015, if (as we currently expect) the BOC begins to prepare markets for interest rate rises in 2015. Canada continues to pursue a policy of greater trade diversification to reduce its dependence on the US market (which accounted for 75% of exports in 2012) and secured its first free trade agreement with an Asian country by signing a deal with South Korea in March 2014, while Canada and the EU appear close to finalizing a Comprehensive Economic and Trade Agreement.

While exports are expected to contribute more to economic growth in 2014 than in recent years, business investment looks likely to be fairly subdued. Business investment growth is likely to remain limited and measured in the near term, as cautious firms seek to use existing capacity more fully, and delay replacement or expansion plans until stronger growth, both at home and abroad, becomes firmly entrenched. The central bank's Spring 2014 Business Outlook survey suggests export-oriented firms have become more optimistic about growth prospects over the next twelve months, largely supported by expectations of a strengthening US economy and the recent depreciation in the loonie, but companies focused on the domestic market are less upbeat.

Business insolvencies are low by historic standards and fell by 1.5% year on year in 2013. The IMF's recent Financial Sector Assessment Program attributed Canada's longstanding financial stability to traditionally strong prudential supervision and regulation, conservative financial sector policies and business models of banks. The Bank of Canada's latest Senior Loan Officer Survey points to a slight easing in overall business-lending conditions during Q12014, marking a continuation of the almost uninterrupted easing that has been reported since late 2009. However, concerns about the strength of household spending persist, and D&B still recommends OA terms for the majority of transactions with Canadian customers and thorough credit checks for those in struggling sectors."

Payment analysis

Canada continues to be placed in an intermediate position within the international context, with more or less payment performance over time.

At the end of 2013, the percentage of companies that paid on time was 43,9%, slightly less than in 2012 (44,7%).

The share of "bad payers" reached a level of 1,2%, with a decrease of 0,1 percentage points compared to the previous year.

The situation has changed rather more significantly in the intermediate and serious late payment classes from 2007 to today: there has been an improvement in punctual payments ("By due date" class) of 5,4 percentage points, with a corresponding significant decrease in the intermediate class of "Up to 90 days" (-3,3%) and a lower reduction in the "Over 90 days" class (-2,1%).

Micro companies show a more balanced payment behavior: 49,9% of the total respect agreed time limits and a further 41,2% pay between 1 and 30 days late on average. However, this category has higher concentrations in the intermediate and serious late payment classes: 7,4% of companies with less than 6 employees pay between 30 and 90 days late, meanwhile 1,5% fall within the "Over 90 days" class.

As size increases, the concentration of companies that pay on time falls significantly down to the lowest value of 12,1% for large companies (an improvement compared to the 9% in 2012).

Looking at Canadian payment habits by sector, the best payment performance is shown by Agriculture, forestry, hunting and fishing with the highest concentration of punctual payers (57,3%).

Finance Services and Services also have a good share of companies that manage to meet their payment obligations within agreed time limits (over 49%), meanwhile there is a more critical situation in the Manufacturing sector, with only 25,9% of companies in this class.

The percentages in the serious late payment classes are contained in all sectors and the highest values are seen in the Transport, distribution and Manufacturing sectors (1,6% and 1,3%).

Personal Services, Insurance agents, brokers and service and Legal services occupy the top position in the classification of micro-sectors with the most punctual payments, with over 60% of the total in this class.

Meanwhile, Leather and leather products, Auto repair, services and parking and Railroad transportation are the sectors with the worst payment performances (more than 2% of "bad payers").

TABLE 6.1 SOURCE: D&B INC. CANADA

PERCENTAGE OF COMPANIES IN CANADA WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
Canada	38,5%	44,7%	43,9%

TABLE 6.2 SOURCE: D&B INC. CANADA

PERCENTAGE OF COMPANIES IN CANADA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

	2007	2012	2013
Canada	3,3%	1,3%	1,2%

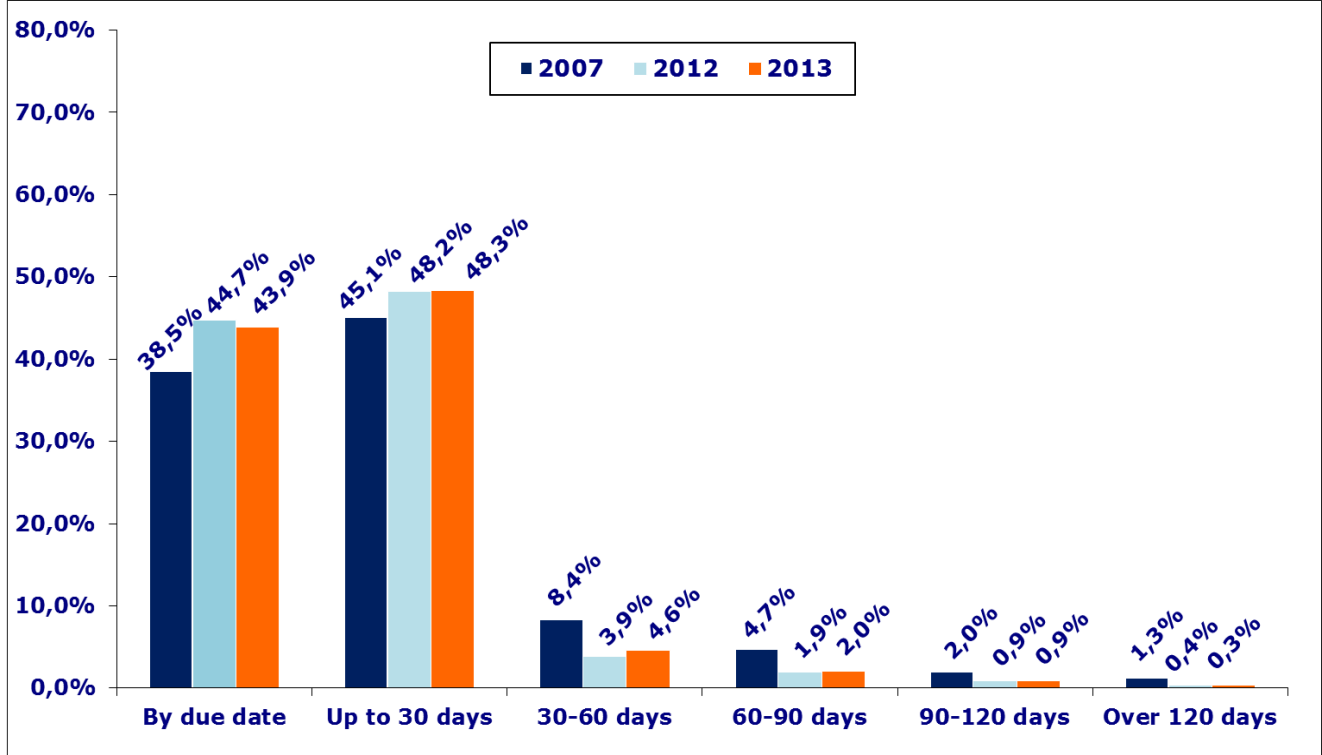
TABLE 6.3 SOURCE: D&B INC. CANADA

VARIATIONS IN PAYMENT PRACTICES IN CANADA, 2007-2013

	Variation 2007/2013	Variation 2012/2013
By due date	5,4%	-0,8%
Up to 90 days	-3,3%	0,9%
Over 90 days	-2,1%	-0,1%

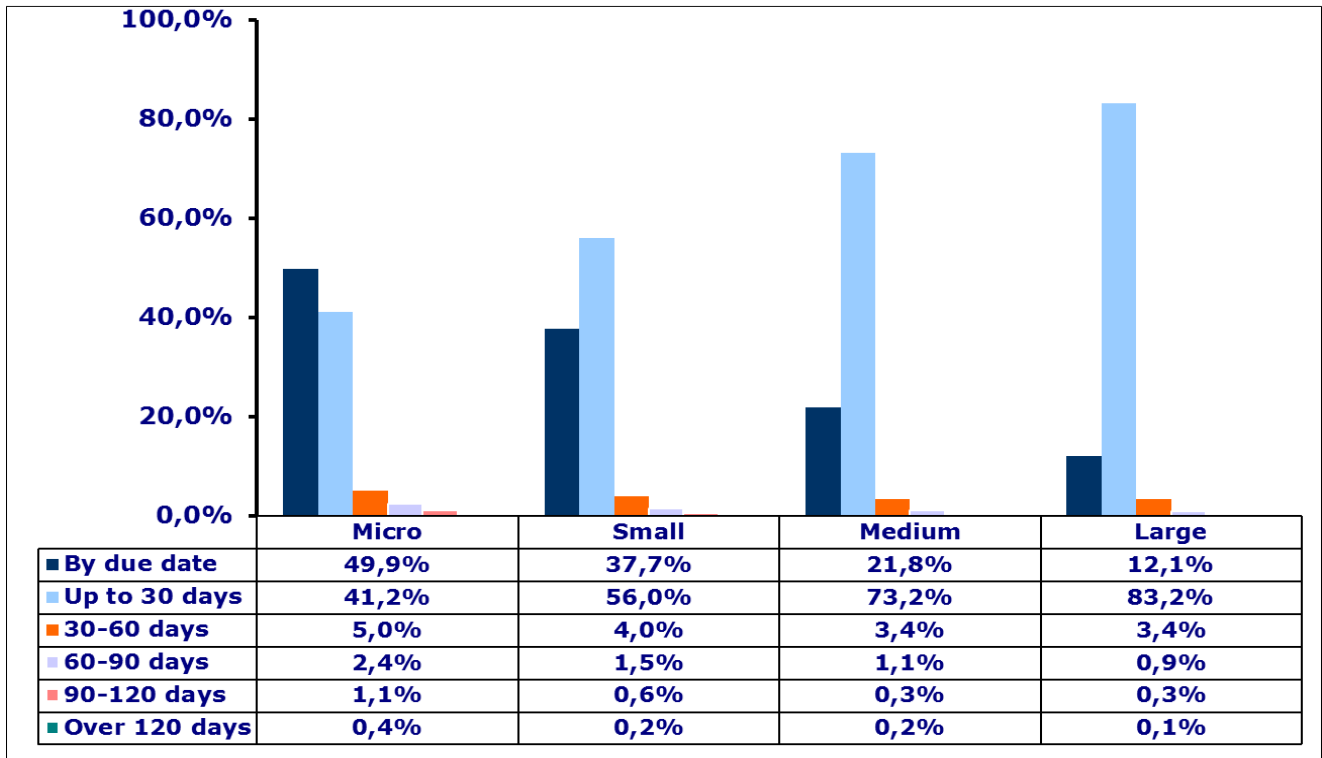
GRAPH 6.4 SOURCE: D&B INC. CANADA

PAYMENT PRACTICES IN CANADA BY PAYMENT CLASS, 2007-2013



GRAPH 6.5 SOURCE: D&B INC. CANADA

PAYMENT PRACTICES IN CANADA BY TYPE OF COMPANY, 2013



GRAPH 6.6 SOURCE: D&B INC. CANADA

PAYMENT PRACTICES IN CANADA BY PRODUCT SECTOR, 2013

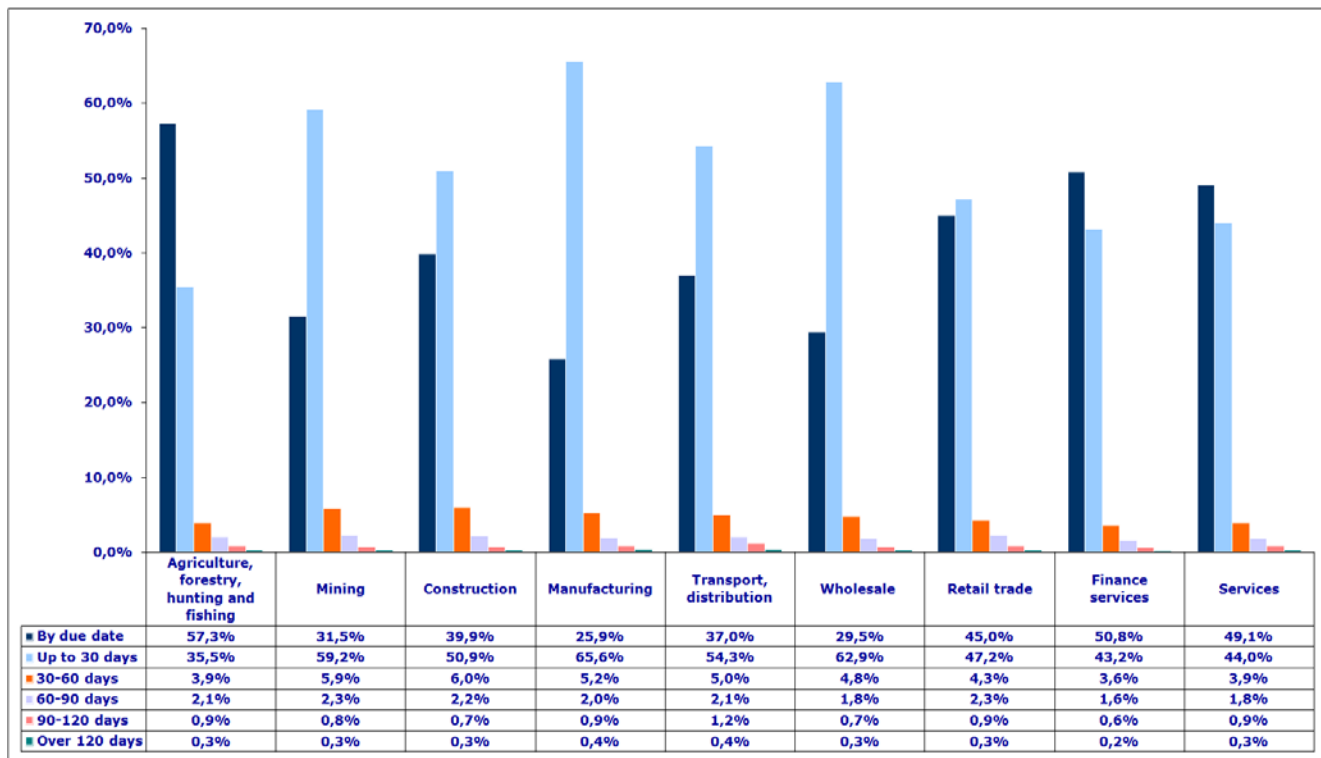


TABLE 6.7 SOURCE: D&B INC. CANADA

SECTORS WITH THE BEST PAYMENT RECORDS IN CANADA, 2013

Sector	Ranking 2013
PERSONAL SERVICES	1
INSURANCE AGENTS, BROKERS AND SERVICE	2
LEGAL SERVICES	3
AGRICULTURAL PRODUCTION - LIVESTOCK	4
ADMINISTRATION OF HUMAN RESOURCES	5
MEMBERSHIP ORGANIZATIONS	6
AGRICULTURAL PRODUCTION - CROPS	7
SOCIAL SERVICES	8
HEALTH SERVICES	9
FORESTRY	10

SECTORS WITH THE WORST PAYMENT RECORDS IN CANADA, 2013

Sector	Ranking 2013
LEATHER AND LEATHER PRODUCTS	75
AUTO REPAIR, SERVICES AND PARKING	74
RAILROAD TRANSPORTATION	73
MISCELLANEOUS MANUFACTURING INDUSTRIES	72
APPAREL AND OTHER TEXTILE PRODUCTS	71
TRANSPORTATION BY AIR	70
TRUCKING AND WAREHOUSING	69
INSTRUMENTS AND RELATED PRODUCTS	68
WATER TRANSPORTATION	67
FURNITURE AND FIXTURES	66

7. EUROPE

Payment analysis

In the 2014 edition of the Payment Study fifteen European countries have been compared, analyzing payment trends over recent years, including in relation to company size and the main sectors.

On an aggregate European level, 38% of companies respect agreed payment deadlines, meanwhile, the largest concentration can be found in the moderate late payment class ("Up to 30 days") with a value of 51,2%.

The most serious late payments (over 90 days), on the other hand, accounted for 3,9% of companies, with 2,2% exceeding 120 days.

Among the countries with the best performance in terms of punctual payments, in first position is Denmark (best performer also in this edition) with 87,6% of the total. In second and third places are Germany (75,3%) and Turkey (54,6%).

United Kingdom and Portugal show more problems in the payment system, with percentages of 28,7% and 16,5% in the "By due date" payment class.

Italy is in an intermediate position with 38,9% of punctual payers, remaining slightly above the European average.

The highest concentrations in the "Up to 30 days" (over 60%) are seen in the Czech Republic, United Kingdom, France and Finland.

There is also strong heterogeneity in relation to serious late payments (over 90 days late on average) in Europe: Portugal (12,8%), Poland (10,8%), Italy (5,2%) and Turkey (4,4%) have values above the European average (3,9%).

In addition, in Poland almost 9% of companies tend to pay on average more than 120 days beyond agreed terms.

The analysis of changes in payment habits in Europe over the period of 2008-2013 shows the rather different trends between the countries under consideration.

German companies have reacted the best to these difficult years with a net improvement in punctual payments (+20,9 percentage points compared to 2008); they are followed by Belgium with a favorable difference of 11,5% and the Netherlands (+9,9 points).

At the other extreme are Poland and Portugal: in the former case, the number of punctual payers reduced by over 16,5%, whereas in the latter there has been a negative change of 6,9 percentage points.

Lastly, in Italy there has been a decrease of over 10,7% in recent years (from 49,6% in 2008 to 38,9% in 2013).

As regards the 2012-2013 trend in various European countries in the percentage of companies that demonstrate a positive payment performance (payments made by the due date), on an aggregate European level, there has been a worsening of 1,1 percentage points in the share of companies that respect payment terms agreed with suppliers.

The best performances were seen in Hungary and Poland, with improvements of 7,9% and 6,8%, respectively, compared to the proportion of "good payers" in 2012. Significant improvements were also seen in Spain and Denmark, with values above 4 percentage points.

The worst performances were seen in Italy and Finland: punctual companies in Italy fell by 5,4%, whereas in the latter, the concentration varied from 45,5% in December 2012 to 38,1% in December 2013 (-7,4%).

Focusing on how the concentrations of companies in the most serious late payment class (over 90 days on average) have changed between 2008 and 2013 in the countries examined, Europe shows a good performance with an improvement of 2,1 percentage points in the share of "bad payers", with 3,9% of the total.

More significant changes (reductions greater than 4%) are seen in the United Kingdom and Germany; in an intermediate position with more contained variations are Belgium, The Netherlands and France.

Italian companies which pay on average over 90 days late, on the other hand, have increased by 2,2 percentage points since 2008, meanwhile Polish companies have increased by 3,6%.

Portugal is the worst performer in Europe: serious late payers grew by 3,9 percentage points.

Examining the 2012-2013 trend of European companies in relation to late payments of over 90 days on average, on an European level, the percentage of "bad payers" has remained more or less stable, going from 3,3% in 2012 to 3,9% in 2013.

The European trend is also confirmed by the large part of countries analyzed in this study: in fact, mainly changes of less than 0,7% are seen.

The exceptions are Portugal and Italy: in these cases there has been over 1,5% increase in companies that pay their suppliers more than 90 days late on average.

Finally, there has been an improvement in Poland and Spain compared with 2012 in this payment class (-1,7 and -4,6 percentage points).

As regarding European payment habits in relation to the different sectors, Agriculture, forestry, hunting and fishing is the sectors with the best performances: the companies that respect agreed time limits account for 47% and there is a concentration of less than 2,4% in the serious late payment class.

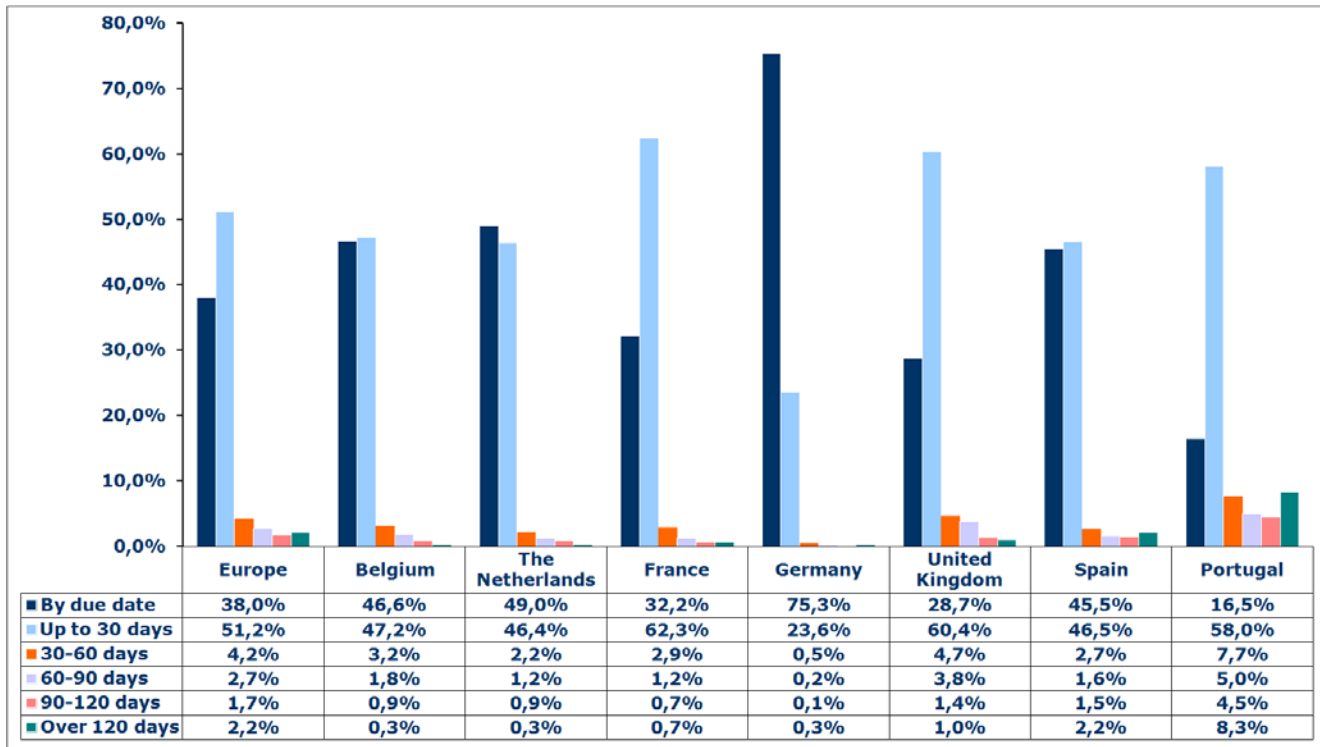
The most problematic situation is seen in the Mining sector with only 30,8% of the total paying on time.

In general, for all sectors there is a widespread tendency for companies to pay on average between 1 and 30 days beyond agreed terms, with the highest values in relation to Mining (59,4%) and Transport, distribution (57,7%).

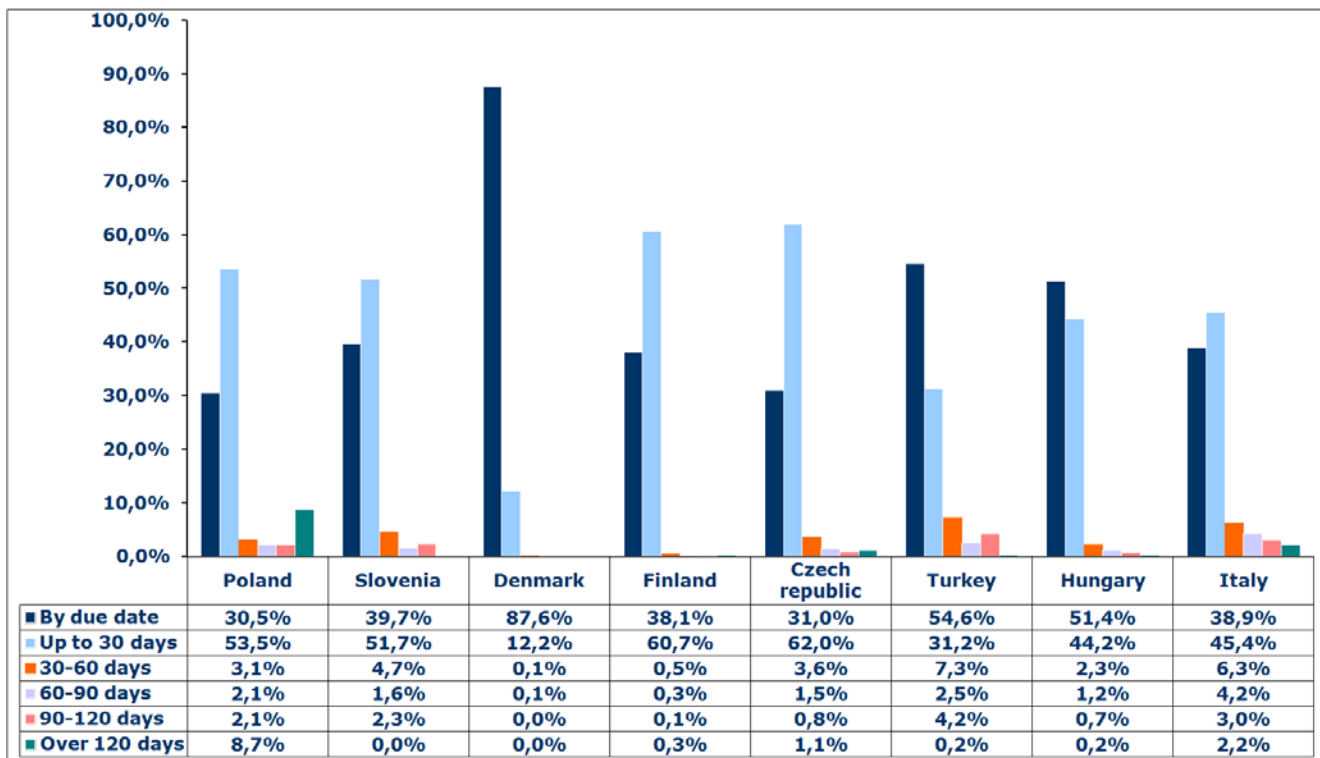
In the intermediate classes (30-60 days and 60-90 days) the Retail trade and Finance services sectors stand out with the highest concentrations (10,2 and 7,4, respectively, percentage points).

Serious late payments (over 90 days on average) at the end of 2013 relate to 6,1% of Retail trade companies (worst performer on an aggregate European level).

PAYMENT PRACTICES IN EUROPE BY PAYMENT CLASS, 2013

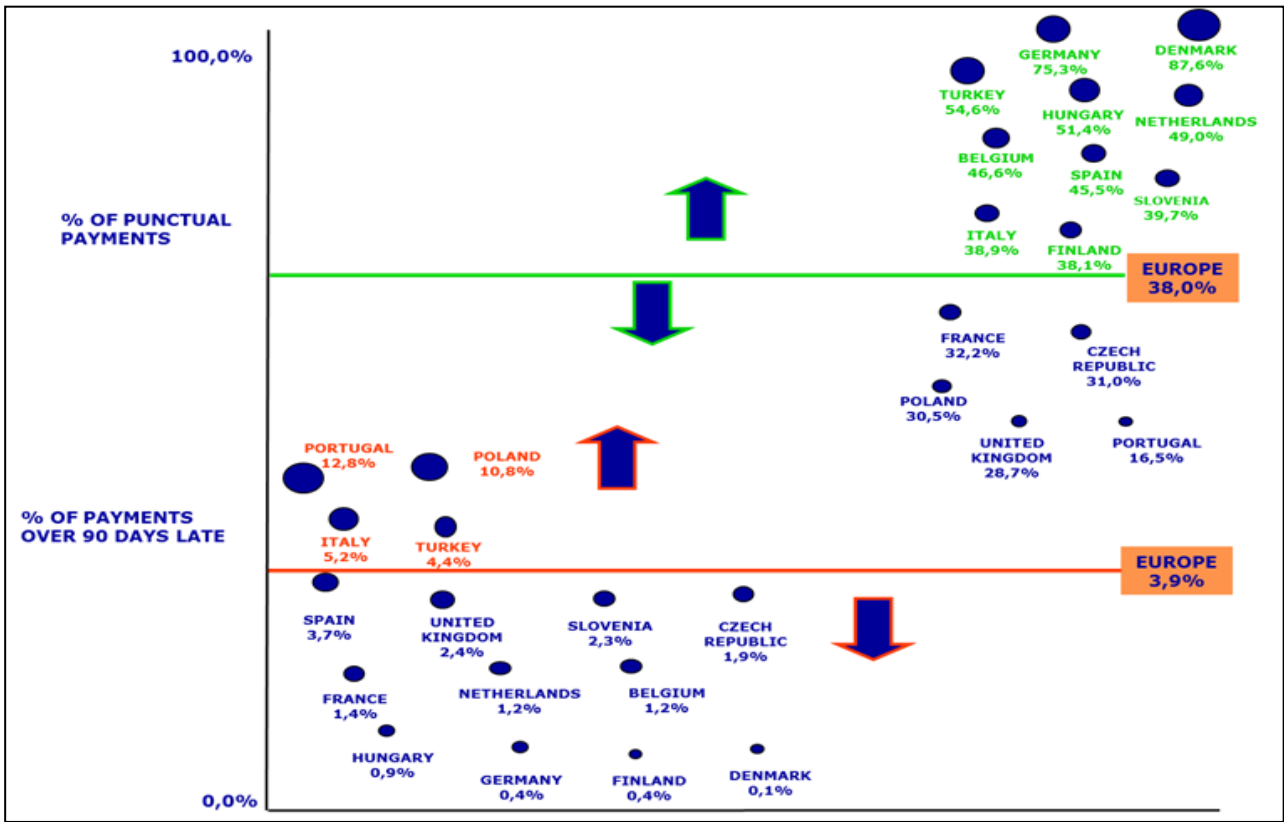


PAYMENT PRACTICES IN EUROPE BY PAYMENT CLASS, 2013



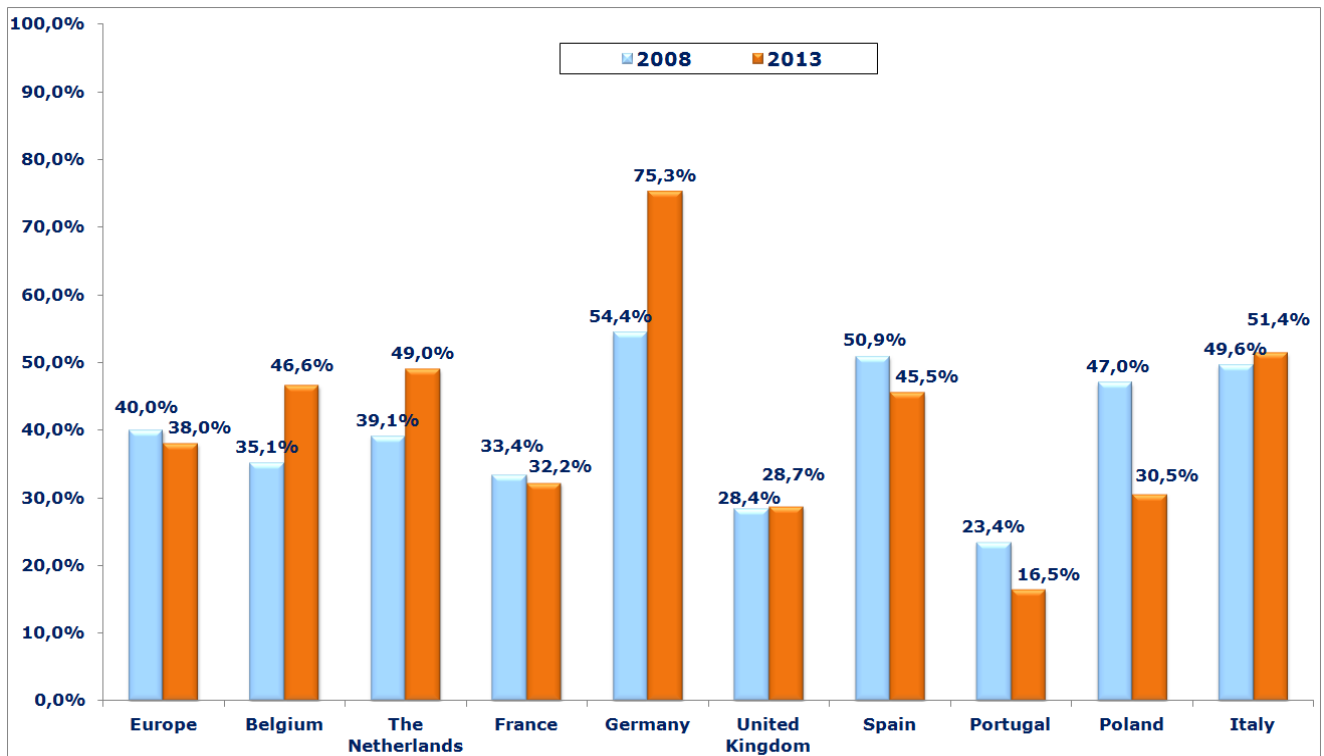
GRAPH 7.3 SOURCE: D&B WORLDWIDE NETWORK

COMPARISON BETWEEN ON TIME PAYMENTS AND PAYMENTS OVER 90 DAYS LATE FOR EUROPEAN COUNTRIES, 2013



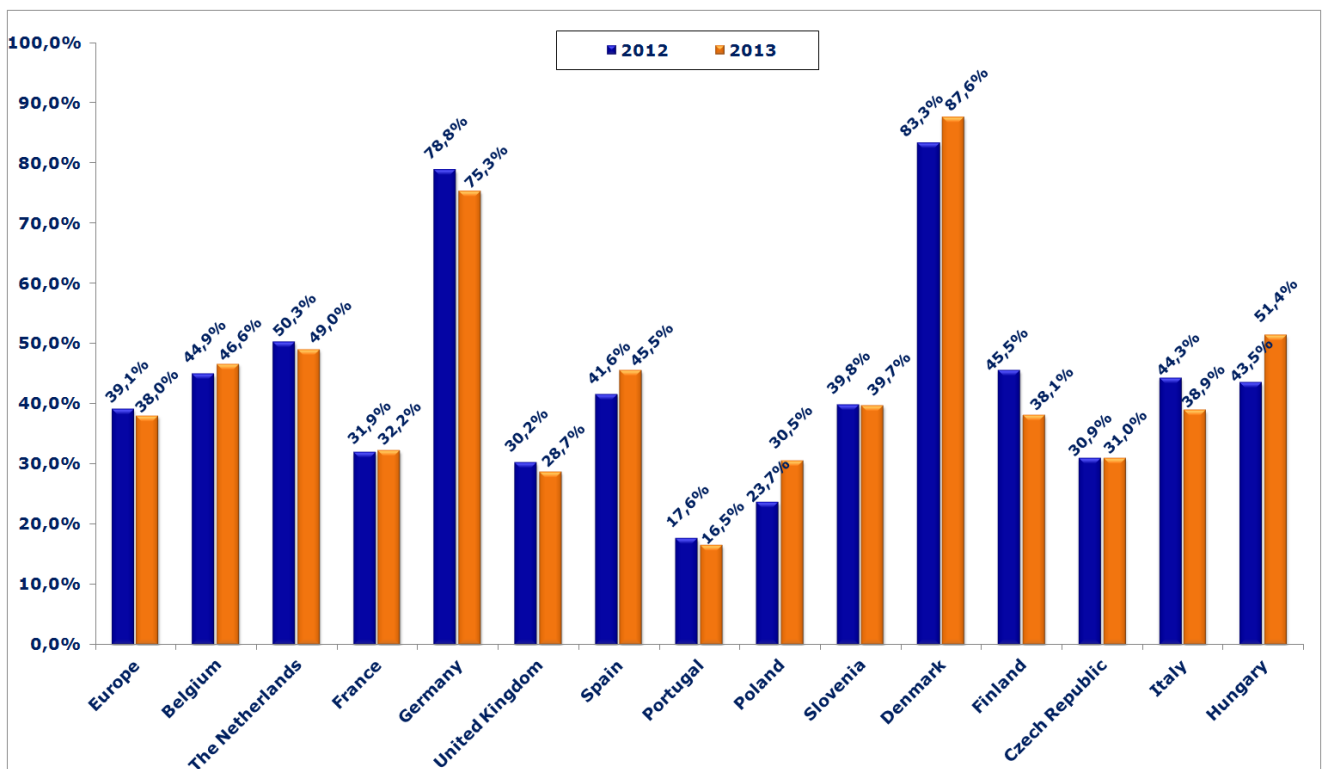
GRAPH 7.4 SOURCE: D&B WORLDWIDE NETWORK

VARIATIONS IN ON TIME PAYMENTS IN EUROPE, 2008-2013

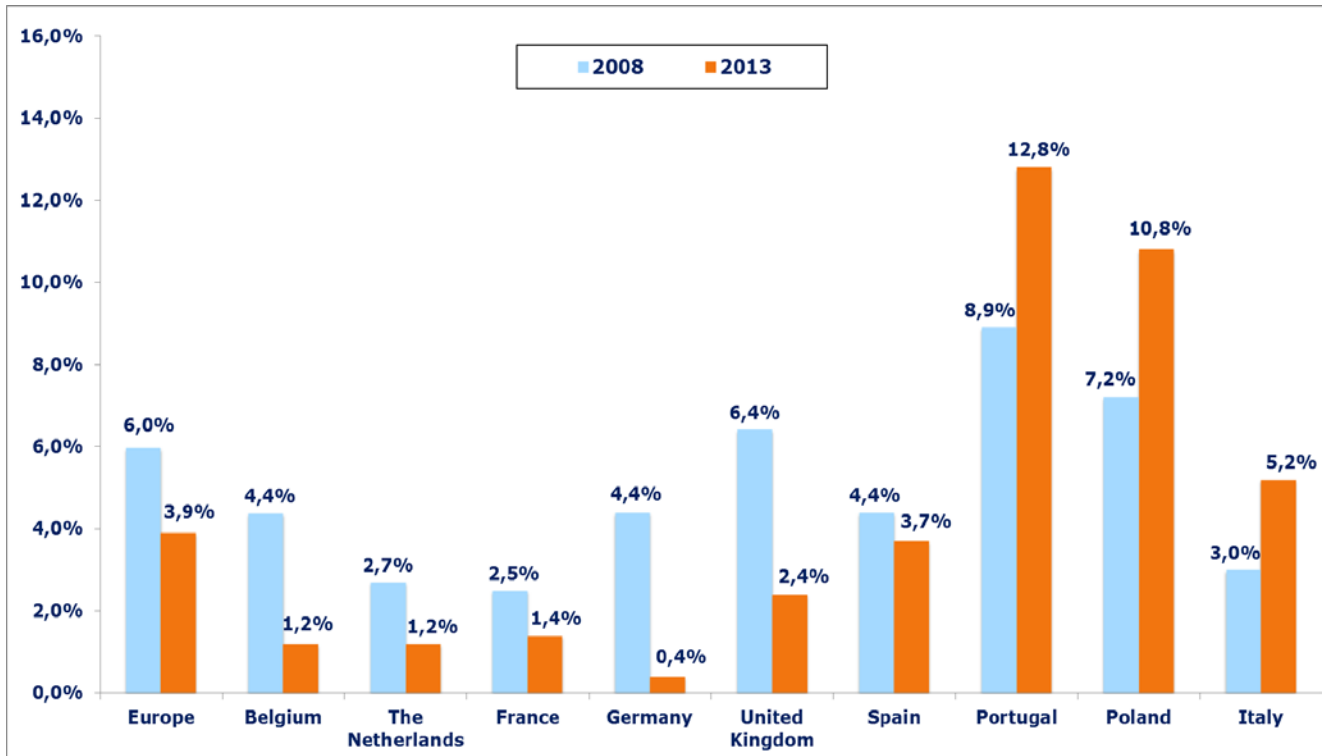


GRAPH 7.5 SOURCE: D&B WORLDWIDE NETWORK

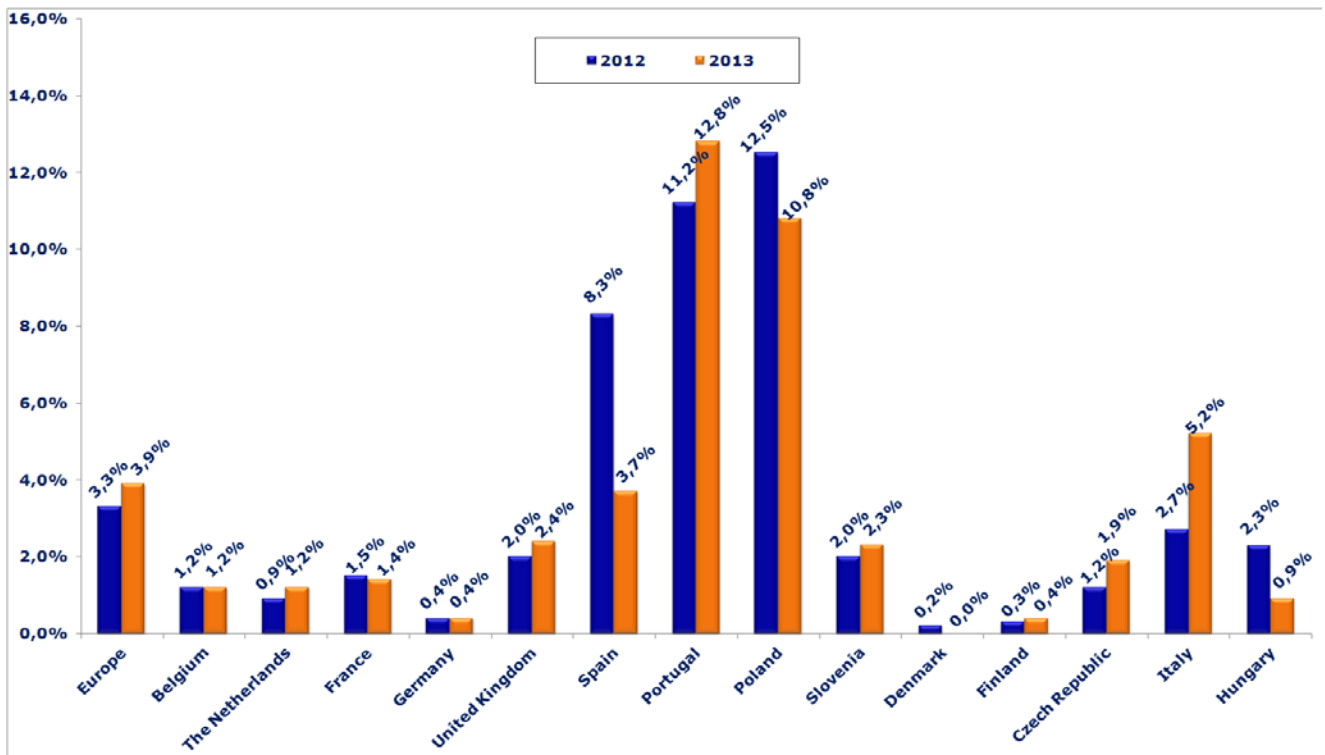
TRENDS IN ON TIME PAYMENTS IN EUROPE, 2012-2013



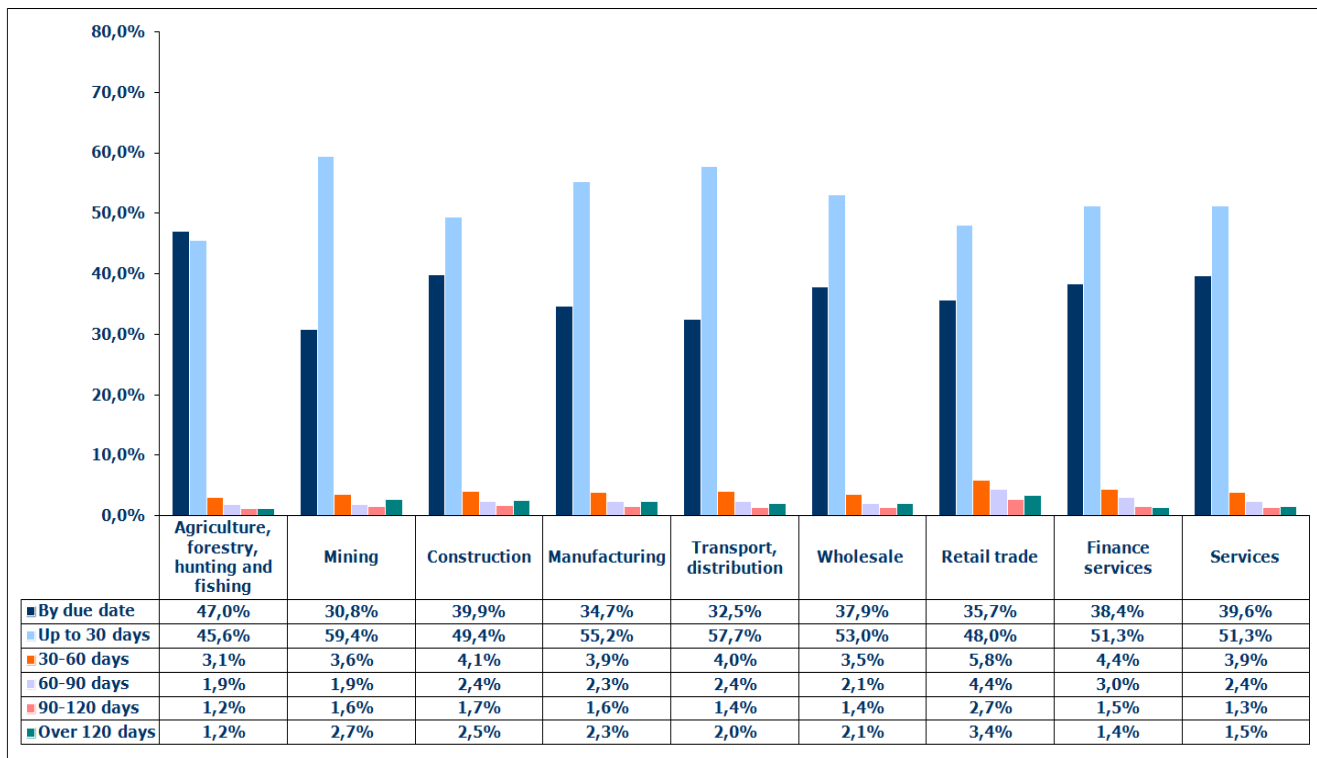
VARIATION OF LATE PAYMENTS OF MORE THAN 90 DAYS IN EUROPE, 2008-2013



TRENDS IN LATE PAYMENTS OF MORE THAN 90 DAYS IN EUROPE, 2012-2013



PAYMENT PRACTICES IN EUROPE BY PRODUCT SECTOR, 2013



8. BELGIUM

Payment analysis

Looking at the trends for companies in the extreme payment classes (by due date payments and late payments of more than 90 days), the results for Belgium are positive, confirming the healthy state of payments in this country.

In fact, the percentage of companies that pay their suppliers on time reached 46,6% in 2013, with an increase of 1,7% compared with the previous year and a positive variation of 8,6 percentage points compared to the European average.

Late payments of up to 30 days account for 47,2% of the total (-1,7% compared to 2012), meanwhile, those of between 30 and 90 days account for 5%.

On the other hand, companies that pay more than 90 days late represent only 1,2% of the total compared with the European level of 3,9%.

The improvement in the Belgian payment situation is confirmed by comparison with 2007: the proportion of "good payers" ("By due date" class) has increased by more than 16 percentage points and there has been a reduction of a similar size in the intermediate payment class (Up to 90 days). In terms of serious late payments (over 90 days on average), these have remained more stable over time with a change of less than two percentage points.

The highest level of on time payments is seen for Micro companies, with a percentage of 43% in 2013.

The worst performance was seen for large companies with only 15,8% of the total paying punctually, compared to the average of 46,6%.

All the company size categories show a widespread tendency to pay on average between 1 and 30 days late. In particular, the figure for the "Up to 30 days" class is over 80% for Medium and Large companies.

Intermediate late payments (between 30 and 90 days on average) have higher values for Micro companies, with 5,7 percentage points.

In addition, this size of company has the highest proportion of late payments of over 90 days late (1,3%).

Analyzing the product macro-sectors, the best performances in terms of punctual payments relate to the Finance Services (55,6%) and Services (53,7%) sectors.

Payment conditions, on the other hand, are problematic in the Manufacturing sector, in which only 34,8% of companies respect agreed terms.

The share of companies in the "Up to 30 days" category is over 38% in each of the sectors analyzed and reaches the highest value (59,9%) in the case of Manufacturing.

In the intermediate late payment classes (30-60 days and 60-90 days) there are concentrations between 4% and 7%, meanwhile for the more serious late payments (over 90 days on average), the values are contained.

In particular, Construction is the sector with the highest share of "bad payers" (1,7%).

If we consider the classification of the 10 micro-sector with the most punctual payments in Belgium in 2013, we find in the first position Insurance agents, brokers and services (66,1%), followed by Legal services (66%).

On the other hand, the sector with the most problems is Communications, for which more than 2,5% of companies pay seriously late (over 90 days on average). The top three classification of "bad payers" is completed by the Nonmetallic minerals, except fuels and Water transportation sectors.

TABLE 8.1 SOURCE: DUN & BRADSTREET BELGIE

PERCENTAGE OF COMPANIES IN BELGIUM WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
Belgium	30,5%	44,9%	46,6%
Europe	40,4%	39,1%	38,0%

TABLE 8.2 SOURCE: DUN & BRADSTREET BELGIE

PERCENTAGE OF COMPANIES IN BELGIUM WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

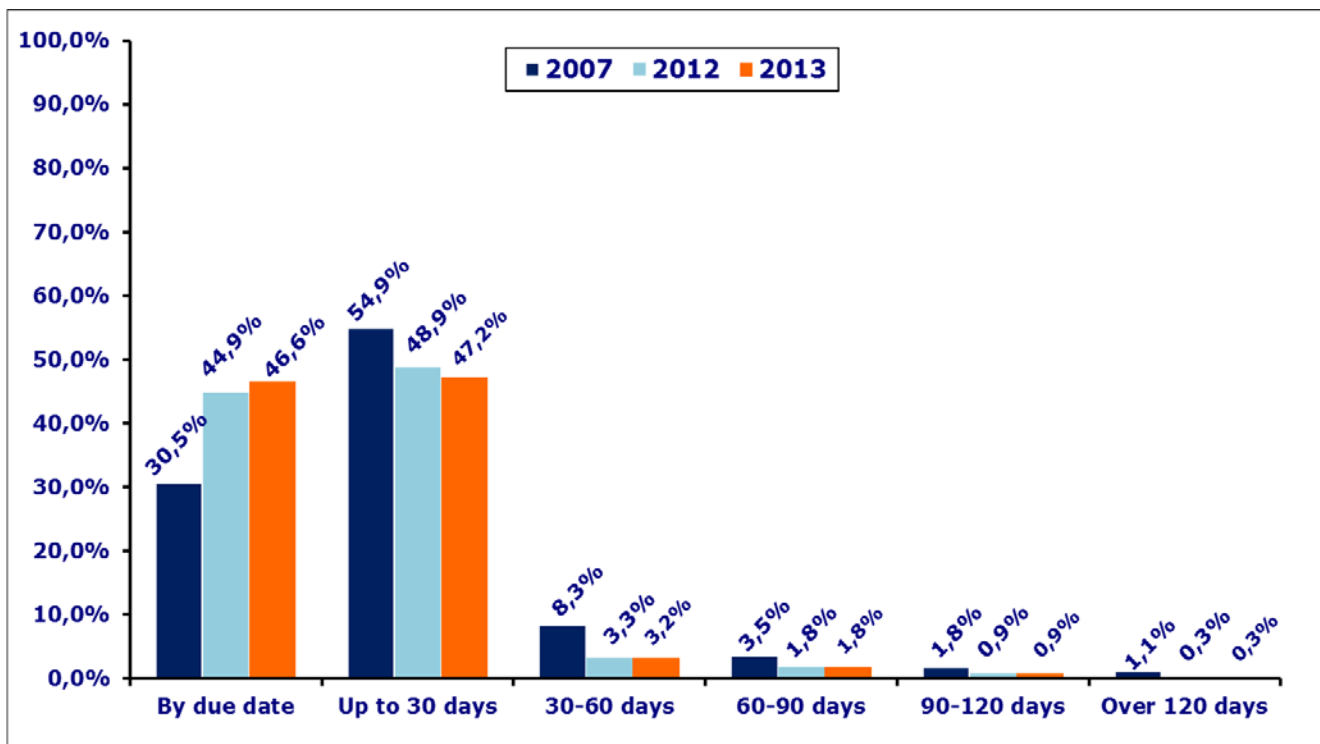
	2007	2012	2013
Belgium	2,9%	1,2%	1,2%
Europe	2,9%	3,3%	3,9%

TABLE 8.3 SOURCE: DUN & BRADSTREET BELGIE

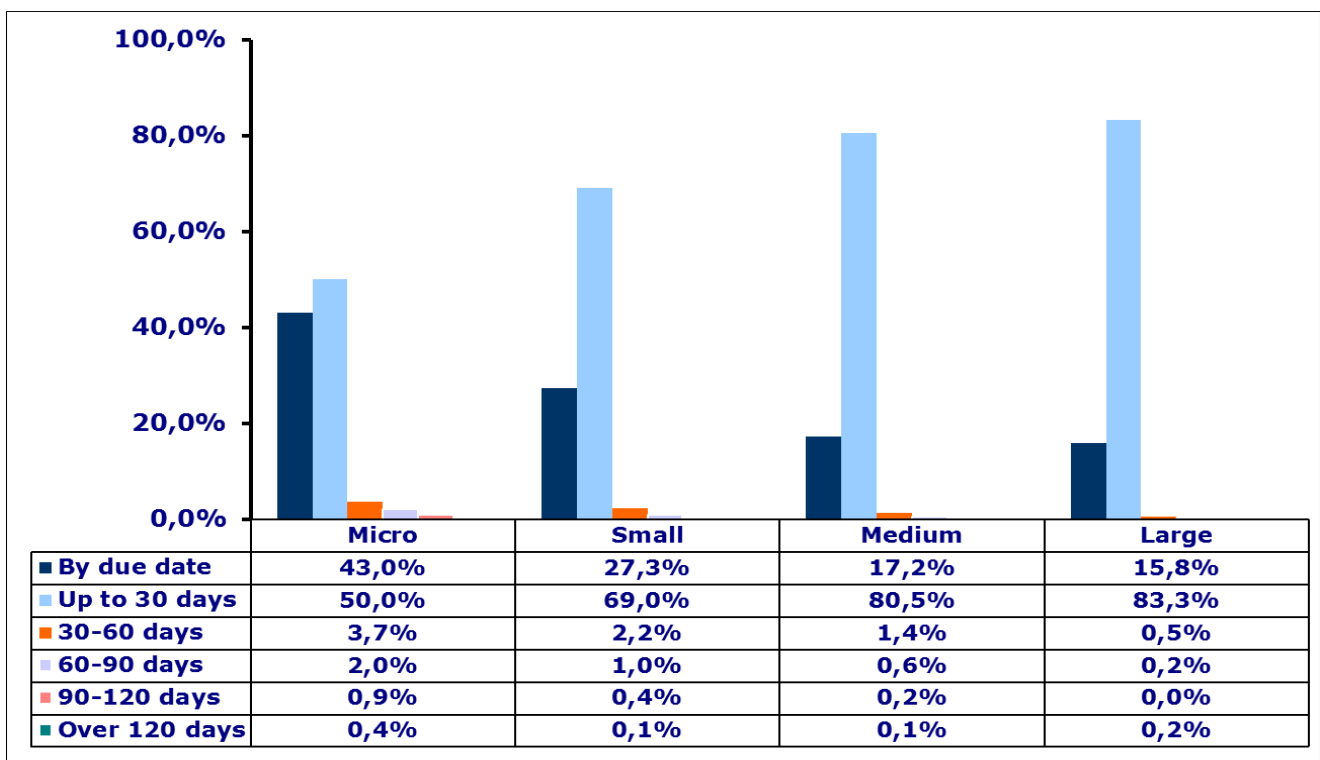
VARIATIONS IN PAYMENT PRACTICES IN BELGIUM, 2007-2013

	Variation 2007/2013	Variation 2012/2013
By due date	16,1%	1,7%
Up to 90 days	-14,4%	-1,7%
Over 90 days	-1,7%	0,0%

PAYMENT PRACTICES IN BELGIUM BY PAYMENT CLASS, 2007-2013



PAYMENT PRACTICES IN BELGIUM BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN BELGIUM BY PRODUCT SECTOR, 2013

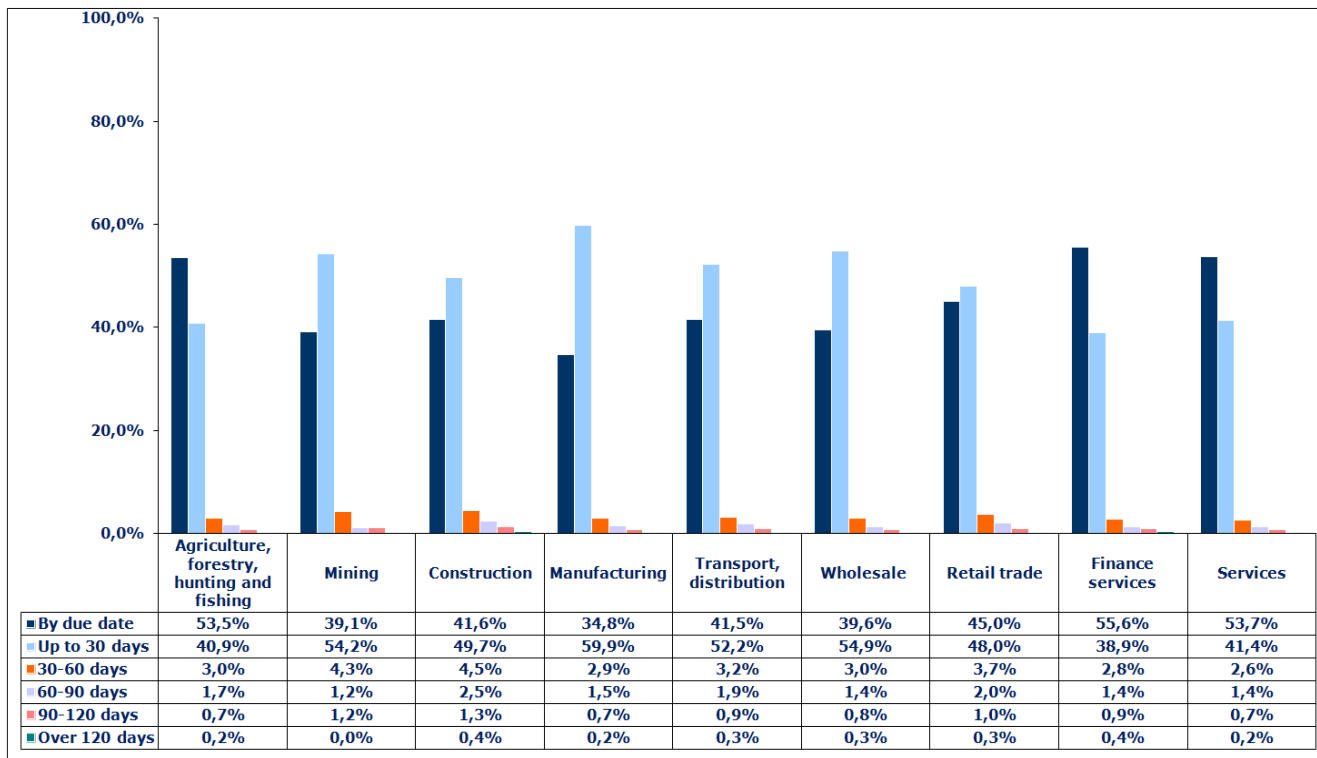


TABLE 8.7 SOURCE: DUN & BRADSTREET BELGIE

SECTORS WITH THE BEST PAYMENT RECORDS IN BELGIUM, 2013

Settore	Ranking 2013
INSURANCE AGENTS, BROKERS AND SERVICES	1
LEGAL SERVICES	2
HEALTH SERVICES	3
NONDEPOSITORY INSTITUTIONS	4
AGRICULTURAL PRODUCTION - LIVESTOCK	5
SERVICES	6
SECURITY AND COMMODITY BROKERS	7
DEPOSITORY INSTITUTIONS	8
MEMBERSHIP ORGANIZATIONS	9
INSURANCE CARRIERS	10

TABLE 8.8 SOURCE: DUN & BRADSTREET BELGIE

SECTORS WITH THE WORST PAYMENT RECORDS IN BELGIUM, 2013

Settore	Ranking 2013
COMMUNICATIONS	64
NONMETALLIC MINERALS, EXCEPT FUELS	63
WATER TRANSPORTATION	62
FORESTRY	61
GENERAL BUILDING CONTRACTORS	60
STONE, CLAY AND GLASS PRODUCTS	59
RUBBER AND MISCELLANEOUS PLASTICS PRODUCTS	58
REAL ESTATE	57
BUILDING MATERIALS AND GARDEN SUPPLIES	56
SPECIAL TRADE CONTRACTORS	55

9. THE NETHERLANDS

Payment analysis

Again in 2013, Dutch companies show excellent performances, confirming the solid nature of the payment system over recent years.

The share of punctual payments in the Netherlands was around a half of companies (49,0%), and was 11 percentage points above the European average.

However, there has been a slight decrease in the gap between the Dutch and European figures compared to 2012 due to slight worsening in payment behavior of companies in this country (-1,3%).

On the other hand, the share of Dutch companies that tend to pay over 90 days late on average is only 1,2% of the total (+0,3% vs. previous year).

Compared with 2007, the share of "good payers" has increased by 9,2 percentage points, with a resulting improvement in the other payment classes.

In particular, payments between 30 and 90 days late have decreased by 6,4 percentage points, meanwhile there has been a 1,3% decrease in the serious late payment class of over 90 days on average.

Micro companies are the ones that respect agreed terms the most, with 50,4% of companies in the "By due date" class, followed by Small companies with 39,1%.

On the other hand, punctual payments in Medium and Large companies are more contained (26% for the former and 21,5% for the latter). However, these two types have the highest values in the "Up to 30 days" class (over 72 percentage points).

In the intermediate and serious late payment classes, Micro companies have the worst performance: 3,8% of the total pay between 30 and 90 days late, meanwhile a further 1,5% fall within the "Over 90 days" class.

Analyzing the performance of the Dutch payment system in relation to sectors, the best performances are seen in the Retail trade and Agriculture, forestry, hunting and fishing sectors, with 53,7% and 52,2% of punctual payers, respectively.

Late payments, on the other hand, are concentrated in the "Up to 30 days" class, with values varying between 41,8% (Retail trade) and 58,3% (Manufacturing), whereas the values for other the classes are more contained.

The highest share of "bad payers" is seen in the Mining sector with 2,4% of companies paying on average more than 90 days late; this is followed by Construction with a concentration of 2,2 percentage points.

In the ranking of best micro-sectors in terms of payment practices, Apparel and accessory stores and Food stores are the top performers with 61,1% and 59,2% of punctual payers.

Agricultural production - Livestock, on the other hand, has the worst performance in terms of serious late payments (2,6% of "bad payers"), followed by Fishing, hunting and trapping (2,4%). All the other sectors have concentrations of less than 2,3% in this class.

TABLE 9.1 SOURCE: DUN & BRADSTREET NEDERLAND

PERCENTAGE OF COMPANIES IN THE NETHERLANDS WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
The Netherlands	39,8%	50,3%	49,0%
Europe	40,4%	39,1%	38,0%

TABLE 9.2 SOURCE: DUN & BRADSTREET NEDERLAND

PERCENTAGE OF COMPANIES IN THE NETHERLANDS WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

	2007	2012	2013
The Netherlands	2,5%	0,9%	1,2%
Europe	2,9%	3,3%	3,9%

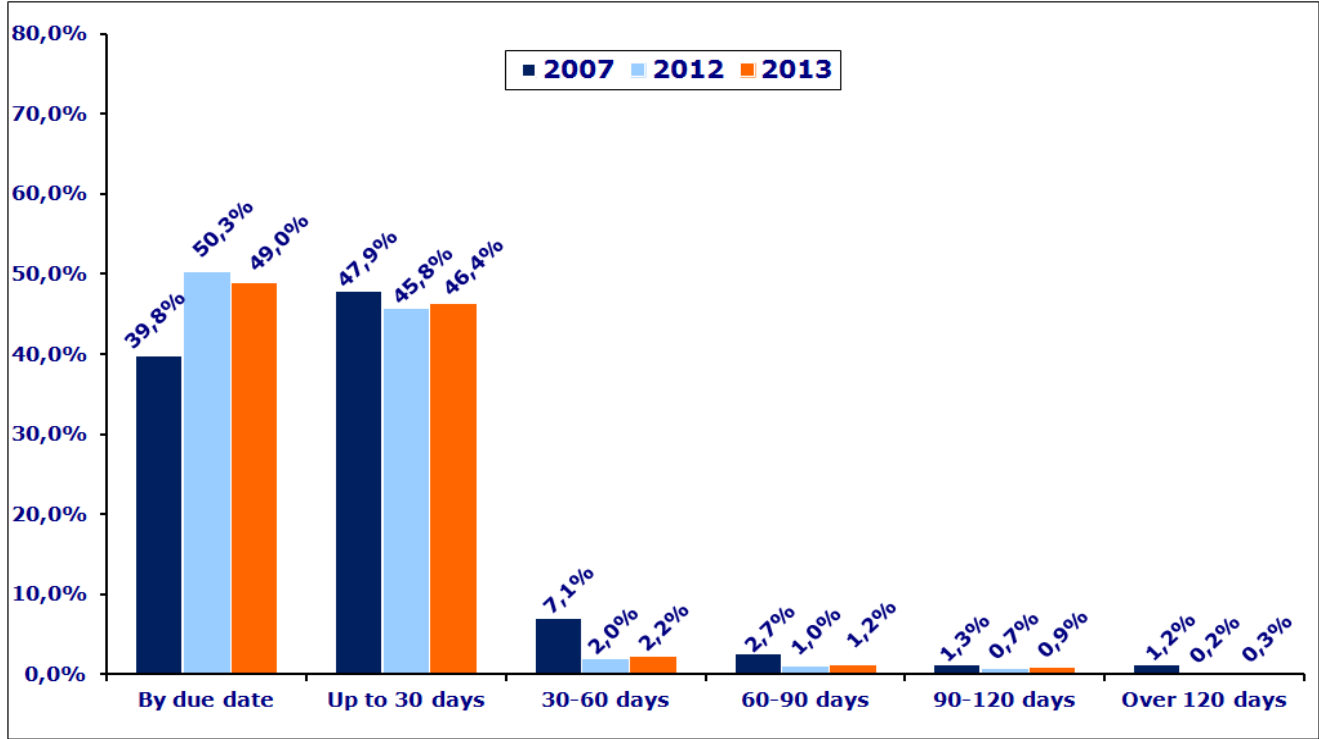
TABLE 9.3 SOURCE: DUN & BRADSTREET NEDERLAND

VARIATIONS IN PAYMENT PRACTICES IN THE NETHERLANDS, 2007-2013

	Variation 2007/2013	Variation 2012/2013
By due date	9,2%	-1,3%
Up to 90 days	-7,9%	1,0%
Over 90 days	-1,3%	0,3%

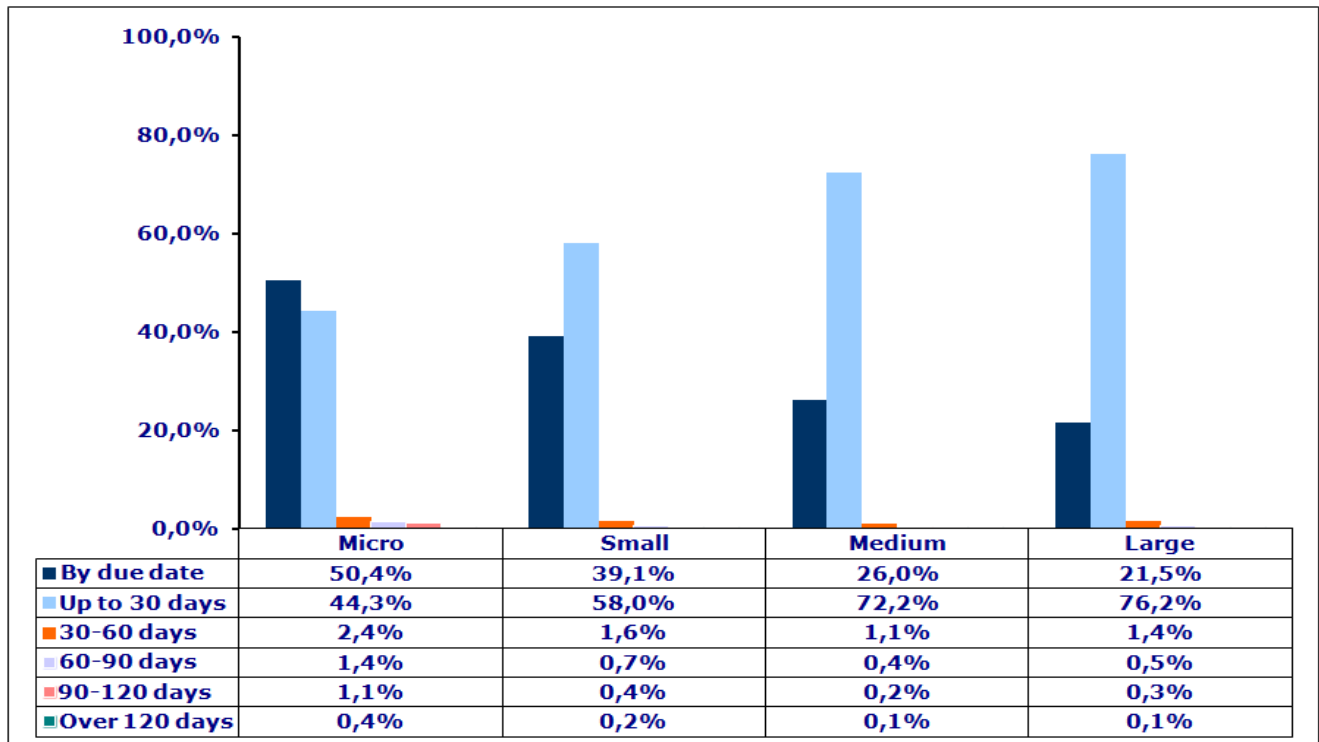
GRAPH 9.4 SOURCE: DUN & BRADSTREET NEDERLAND

PAYMENT PRACTICES IN THE NETHERLANDS BY PAYMENT CLASS, 2007-2013



GRAPH 9.5 SOURCE: DUN & BRADSTREET NEDERLAND

PAYMENT PRACTICES IN THE NETHERLANDS BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN THE NETHERLANDS BY PRODUCT SECTOR, 2013

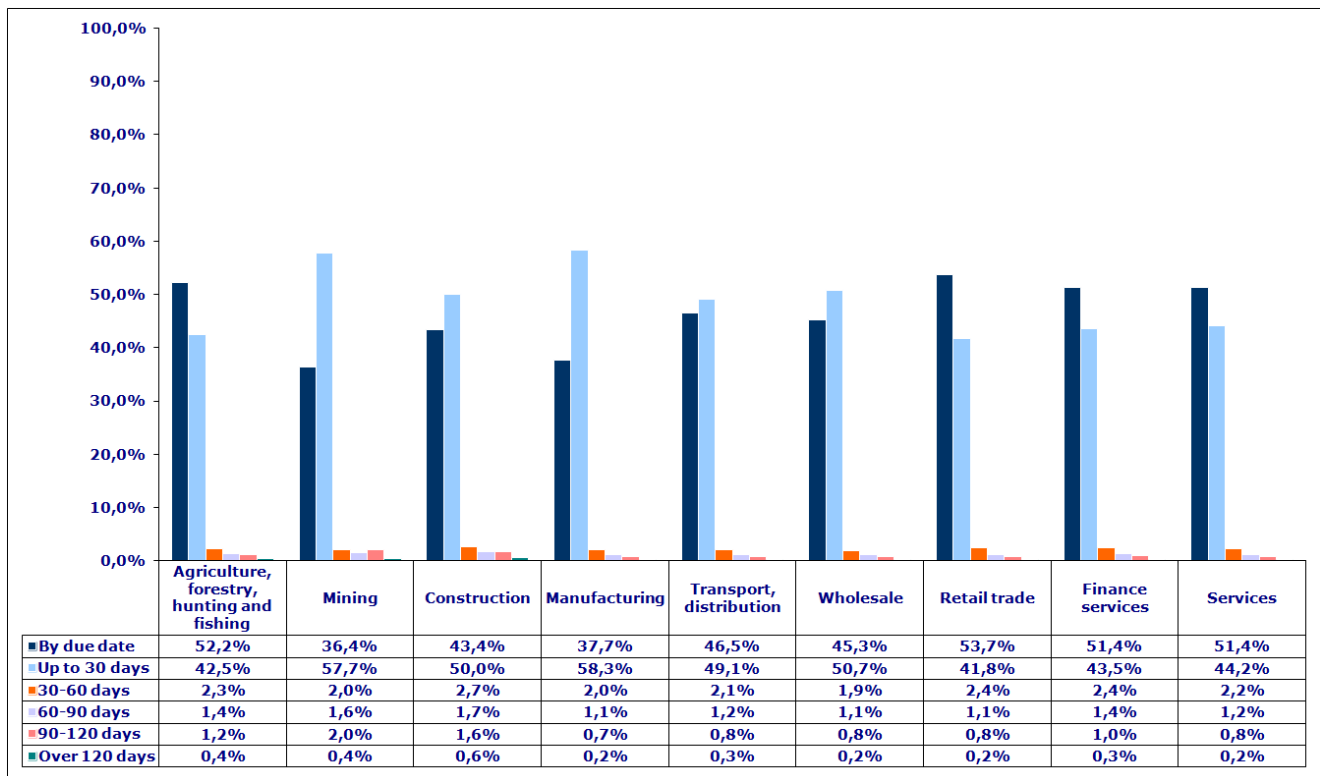


TABLE 9.7 SOURCE: DUN & BRADSTREET NEDERLAND

SECTORS WITH THE BEST PAYMENT RECORDS IN THE NETHERLANDS, 2013

Sector	Ranking 2013
APPAREL AND ACCESSORY STORES	1
FOOD STORES	2
AGRICULTURAL PRODUCTION - CROPS	3
INSURANCE AGENTS, BROKERS, AND SERVICE	4
AUTOMOTIVE DEALERS AND SERVICE STATIONS	5
MISCELLANEOUS RETAIL	6
MISCELLANEOUS REPAIR SERVICES	7
PERSONAL SERVICES	8
LEGAL SERVICES	9
HEALTH SERVICES	10

TABLE 9.8 SOURCE: DUN & BRADSTREET NEDERLAND

SECTORS WITH THE WORST PAYMENT RECORDS IN THE NETHERLANDS, 2013

Sector	Ranking 2013
AGRICULTURAL PRODUCTION - LIVESTOCK	67
FISHING, HUNTING AND TRAPPING	66
SPECIAL TRADE CONTRACTORS	65
LOCAL AND INTERURBAN PASSENGER TRANSIT	64
HEAVY CONSTRUCTION, EXCEPT BUILDING	63
NATIONAL SECURITY AND INTL. AFFAIRS	62
FORESTRY	61
SECURITY AND COMMODITY BROKERS	60
MOTION PICTURES	59
LEATHER AND LEATHER PRODUCTS	58

10. FRANCE

Below is the opinion of **Thierry Millon, Responsable des Etudes** at **Altaires**, on the economic scenario and payment situation in France.

"Exhausted by a series of crises over the past five years , many French companies had surrendered at the end of 2012, foreshadowing a 2013 very complicated . 2013 confirmed that the wounds of the crisis had not healed. Business bankruptcies are as many as in 2009, more than 63,000.

They threaten about 270 000 direct jobs. Economic tensions still affect some large industrial companies but also small businesses.

These SMEs are the subject of attention of government but funding for their activity and their growth is not assured. They are running out of cash, especially as payment delays struggle to improve in spite of the law of modernization of the economy which governs the terms of settlement since 2009. In France, the average late payment remains on the threshold of 12 days. And, according to the annual report of the Trade Credit Observatory, every day of late payment takes about one billion euros in cash to SMEs.

Under these conditions, the supplier assumes the role of banker and agrees to suffer a liquidity crisis or an customer's unpayment. These cases lead 25% of companies to bankruptcy.

Late payments are a major obstacle to growth. Recruit new customers in its territory is difficult, beyond borders the task is even more daunting. But when, in addition, the Contractor shall assume the role of banker for his client , the activity can quickly become impossible. In Europe nearly 10% invoices will be adjusted with more than a month late. Companies need to be more stringent in managing their payment behavior. A quarter of the 63,000 bankruptcies in 2013 is due to late payments.

Our economy cannot continue to accept these delays it is urgent to change crops in order to win the battle for growth."

Payment analysis

In 2013 France continues to have a worse performance in terms of punctual payments than the majority of countries analyzed in the Payment Study, but the average payment delay is concentrated in the moderate class (up to 30 days) and this indicates, however, that the situation is not particularly critical.

In the last year punctual payments accounted for 32,2% of the total, -5,8% below the European average, which continues to show a larger quantity of companies with a balanced payment behavior.

62,3% of French payers fell into the "Up to 30 days" class, while the intermediate late payment classes remained more or less unchanged compared to the previous year: the "30-60 days" and "60-90 days" classes comprised 4,1% of the total.

"Bad payers" remained stables at 2012 levels, with an overall share of 1,4% and a positive gap of 2,5 percentage points from the European record.

Considering payment practices by company size, Micro companies exhibit the best payment behavior with 40,5% of the total paying suppliers within agreed terms.

As size increases, the percentage of punctual payers drops, reaching the lowest value of 7,7% for Large companies.

In the main part, late payments are concentrated in the "Up to 30 days" class, with percentages of between 53,4% and 89,7%.

The share of companies that pay between 30 and 90 days late is the highest for Micro companies with a value of 4,5% of the total, as is the case for the more serious late payments (more than 90 days) which account for 1,6% of companies.

As in previous year, the Construction sector is the best performer in terms of punctual payments, with a share of punctual payers of 46,1%.

This is followed by Agriculture, forestry, hunting and fishing, with 38,0% of companies in this class.

Significantly lower values are found in the Transport, distribution (20,3%) and the Mining (22,1%) sectors.

All sectors examined in the study tend to pay commercial transactions between 1 and 30 days late (values above 49 percentage points).

Finally, Finance Services have the highest concentrations both in the intermediate late payment classes (30-60 days and 60-90 days) and in the serious late payment class above 90 days on average (2,4%).

In first place in the classification of the 10 micro-sectors with the most punctual payments in France is the Special trade contractors group (47,6% of the total in the "By due date" class).

In second and third places are Auto repair, service and parking (46,2%) and Miscellaneous repair services (44,5%).

The worst result is seen in the Communication sector, with a 3,3% share of serious late payments (over 90 days on average). Second and third places are held by Real estate (3,2%) and National security and intl. affairs (3,0%).

TABLE 10.1 SOURCE: ALTARES

PERCENTAGE OF COMPANIES IN FRANCE WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
France	32,4%	31,9%	32,2%
Europe	40,4%	39,1%	38,0%

TABLE 10.2 SOURCE: ALTARES

PERCENTAGE OF COMPANIES IN FRANCE WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

	2007	2012	2013
France	2,6%	1,5%	1,4%
Europe	2,9%	3,3%	3,9%

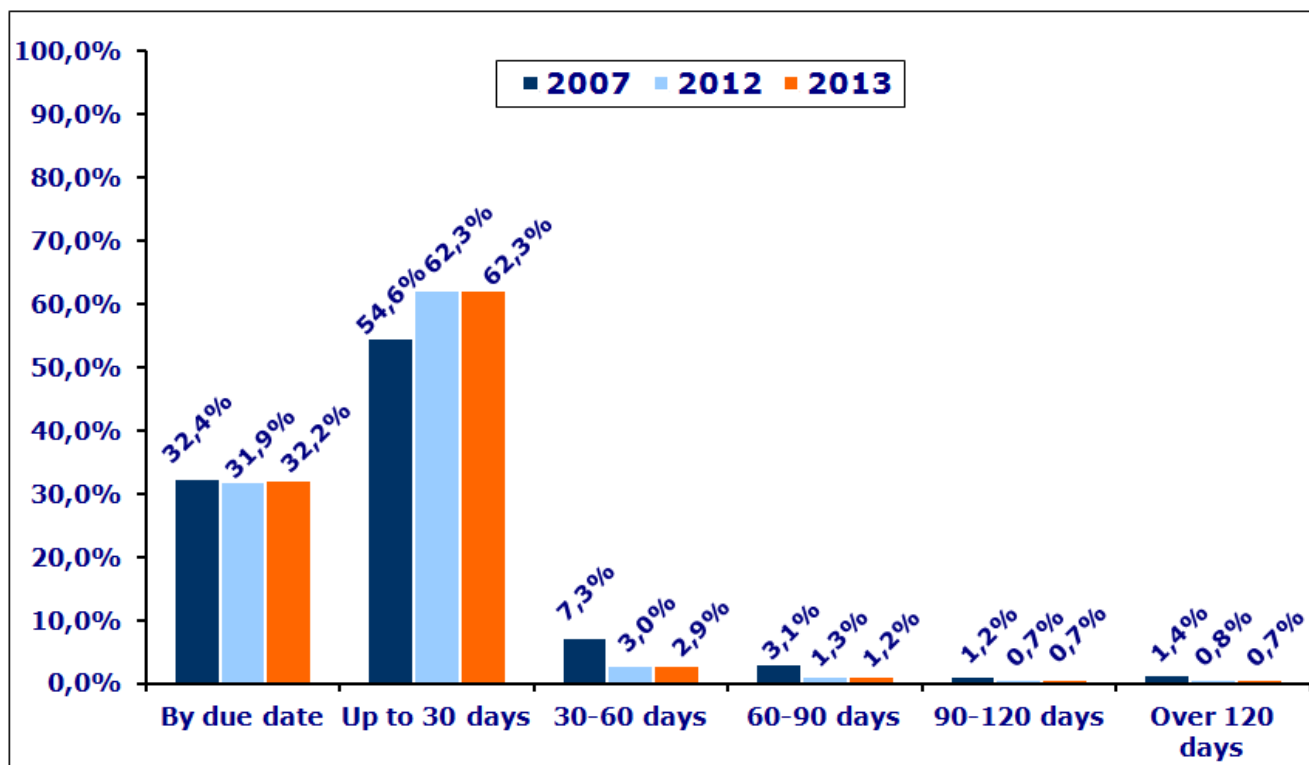
TABLE 10.3 SOURCE: ALTARES

VARIATIONS IN PAYMENT PRACTICES IN FRANCE, 2007-2013

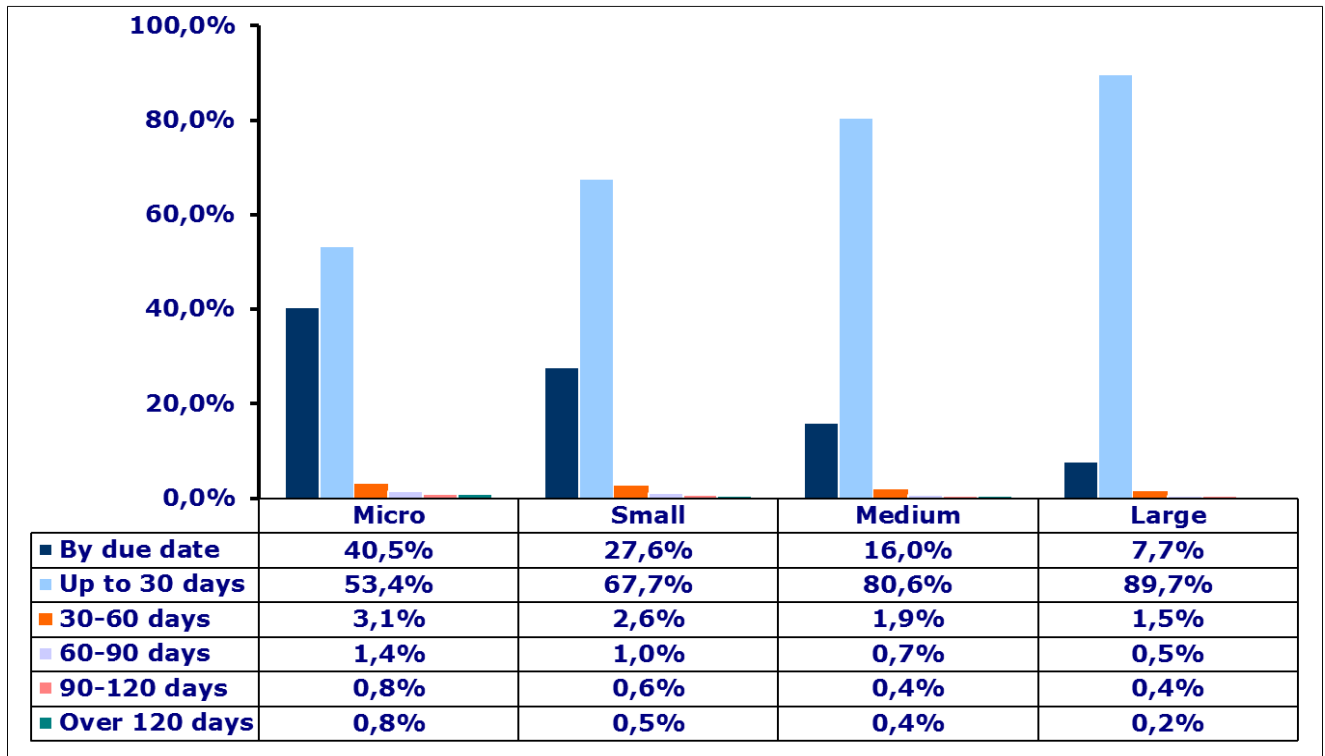
	Variation 2007/2013	Variation 2012/2013
By due date	-0,2%	0,3%
Up to 90 days	1,4%	-0,2%
Over 90 days	-1,2%	-0,1%

GRAPH 10.4 SOURCE: ALTARES

PAYMENT PRACTICES IN FRANCE BY PAYMENT CLASS, 2007-2013



PAYMENT PRACTICES IN FRANCE BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN FRANCE BY PRODUCT SECTOR, 2013

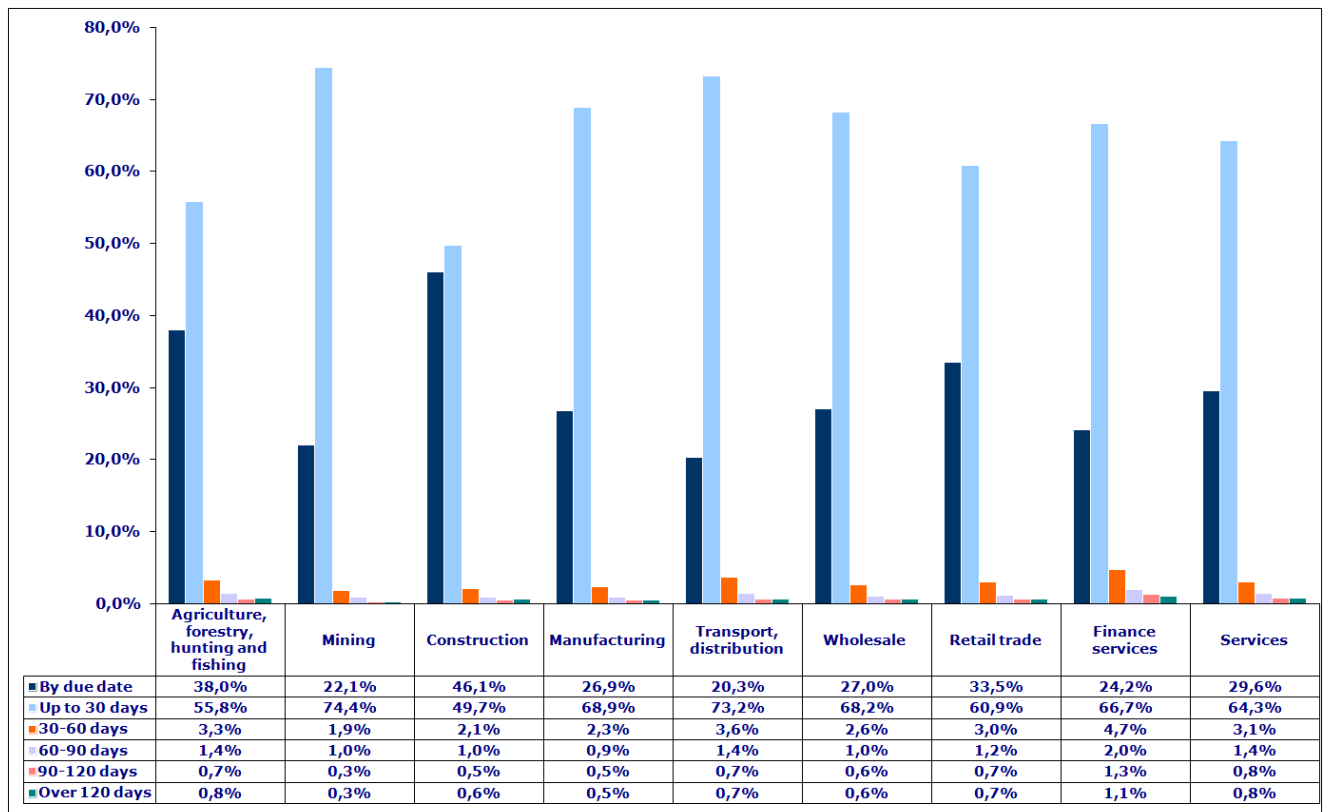


TABLE 10.7 SOURCE: ALTARES

SECTORS WITH THE BEST PAYMENT RECORDS IN FRANCE, 2013

Sector	Ranking 2013
SPECIAL TRADE CONTRACTORS	1
AUTO REPAIR, SERVICES AND PARKING	2
MISCELLANEOUS REPAIR SERVICES	3
MISCELLANEOUS RETAIL	4
FORESTRY	5
FISHING, HUNTING AND TRAPPING	6
FURNITURE AND FIXTURES	7
AGRICULTURAL SERVICES	8
AGRICULTURAL PRODUCTION - CROPS	9
INSURANCE AGENTS, BROKERS AND SERVICE	10

TABLE 10.8 SOURCE: ALTARES

SECTORS WITH THE WORST PAYMENT RECORDS IN FRANCE, 2013

Sector	Ranking 2013
COMMUNICATIONS	69
REAL ESTATE	68
NATIONAL SECURITY AND INTL. AFFAIRS	67
EATING AND DRINKING PLACES	66
TRANSPORTATION BY AIR	65
MOTION PICTURES	64
HEALTH SERVICES	63
LEGAL SERVICES	62
BUSINESS SERVICES	61
FOOD STORES	60

11. GERMANY

Below is the opinion of **Markus Gottschlich, Product Manager** at **Bisnode Editorial Deutschland**, on the economic scenario and payment situation in Germany.

"The Global economic climate from Q2 2012 to Q1 2013 dampened the economic growth in Germany tremendously. After a prospering economy in 2011 with a growth rate of 3%, 2012 ended up with only 0.7% and 2013 with only about 0.5%. Even if these growth rates were disappointing, Germany has been spared recession, that most EU-countries had to endure.

Since Q2 2013 businesses have benefitted from an improving domestic and external economic situation. Forward-looking indicators bode well for the country's near- to medium-term outlook. Optimism in the important manufacturing sector continued to grow in Q4 2013 when the Purchasing Managers' Index moved higher and came in at 51.8 points (and thereby above the 50-point line that divides contraction from expansion). Production levels have been improving for six months and order books are also developing favourably. We expect domestic demand to remain strong in the 2014 as unemployment will remain low. German exports, which represent over 50% of the GDP should benefit from a stronger economic recovery in America and in the non-Eurozone countries, as well as a resurgence of Chinese growth. In this light, we predict the economy to expand by 1.7% in 2014, thereby outperforming most European peers. The recovery will be based, in equal parts, on household consumption as before and, a new element, on an upturn in business investment. Business investment in equipment is expected to increase steadily after three years of stagnation. Decision makers are drawing comfort from the overall improvement in the economy and are set to benefit from still favorable credit conditions. Moreover, now that the September 2013 elections have been held, the Grand Coalition under the lead of Angela Merkel will be able to tackle a range of political problems.

Germany is the EU's largest economy, by GDP as well as in population terms. It is well connected with European supply chains, especially with its direct neighbors in the east. The country is highly-industrialized and exports of sophisticated high-tech machinery and equipment are among the traditional export strongholds. Machinery and cars are the most important commodities.

In general the payment terms in Germany are 30 days with some sector-specific deviations. The transportations and logistics sector for example is used to longer payment terms.

Overall, the payment behavior of businesses remains excellent despite the difficult economic environment 2013. Drivers were in particular the good profitability and the extensive self-financing. Even if the overall picture for 2014 is much better than that for 2013 and non-payments are expected to decline, a strict supervision of the payment behavior is indispensable."

Payment analysis

In 2013 Germany confirmed the excellent payment performances of previous years and continues to be one of the best countries in the European context, secondly only a Denmark.

Companies that paid their suppliers on time accounted for 75,3% of the total, registering a 3,5 percentage point decrease compared with 2012; 37,3 percentage points above the European average.

The positive performance in Germany is also seen in the late payment class of over 90 days: at the end of 2013, the concentration of companies in this bracket was 0,4%, compared to 3,9% for Europe.

Late payments of up to 30 days account for 23,6% of the total, meanwhile, those of between 30 and 90 days account for 0,7%.

Compared with 2007, the percentage of "good payers" has increased by over 21,4 percentage points ("By due date" class), meanwhile the concentration in the "Up to 90 days" class has reduced by 18,6% and in the "Over 90 days" class by 2,8% percentage points.

In Germany, companies belonging to the different size categories show excellent payment performance.

Specifically, the most punctual categories are Micro and Small companies, with over 76% of the total. These are followed by Medium sized companies with 69,3% and finally Large companies with 60,2%.

The share of companies that pay between 1 and 30 days late is the highest for Large companies with a value of 39,1% of the total.

More serious late payments are minor, with uniform values between the various company sizes.

In all the macro-sectors analyzed, the percentage of companies that manage to respect agreed terms in the management of commercial transactions reaches and exceeds 72%.

The best performances are seen in the Agriculture, forestry, hunting and fishing sector (84,0%), followed by Retail trade (80,5%) and Construction (80%).

At the bottom of the classification of punctual payments is the Finance services sector with a value of 72,4%.

In this case too, late payments tend to be concentrated in the "Up to 30 days" class, with values fluctuating between 15,4% for the Agriculture, forestry, hunting and fishing sector and 26,2% for Finance services. In all the sectors looked at in the study, the three most serious late payment classes ("60-90 days", "90-120 days" and "Over 120 days") overall have very contained concentrations.

Justice, public order and safety is the sector with the best payment record in Germany, with 89,2% of companies paying within agreed payment terms. In second and third places are the Forestry (87,8%) and Miscellaneous retail (86,9%) sectors.

Communications, Transportation services and Leather and leather products are in the top positions in the ranking of the worst sectors, even if they have a percentage of only 1,2% of late payments of over 90 days on average.

TABLE 11.1 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

PERCENTAGE OF COMPANIES IN GERMANY WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
Germany	53,9%	78,8%	75,3%
Europe	41,0%	39,1%	38,0%

TABLE 11.2 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

PERCENTAGE OF COMPANIES IN GERMANY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

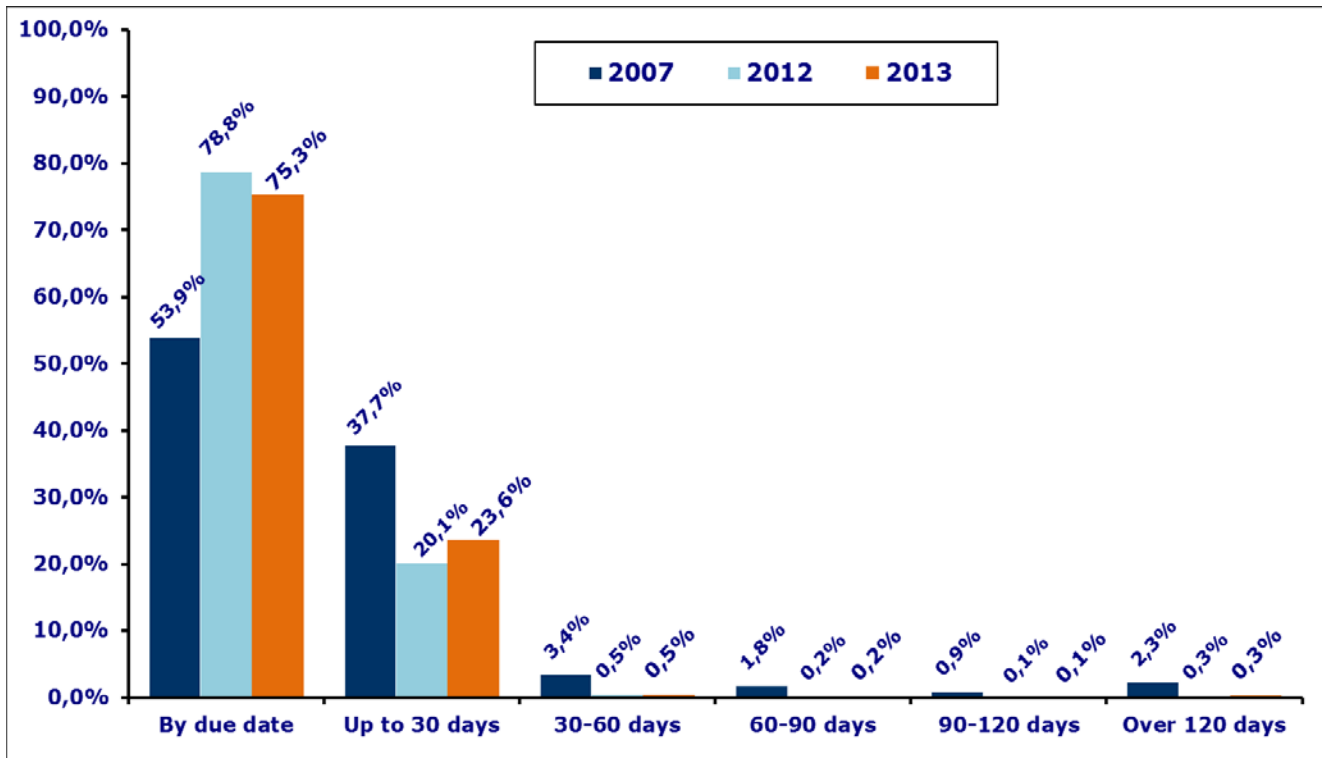
	2007	2012	2013
Germany	3,2%	0,4%	0,4%
Europe	4,1%	3,3%	3,9%

TABLE 11.3 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

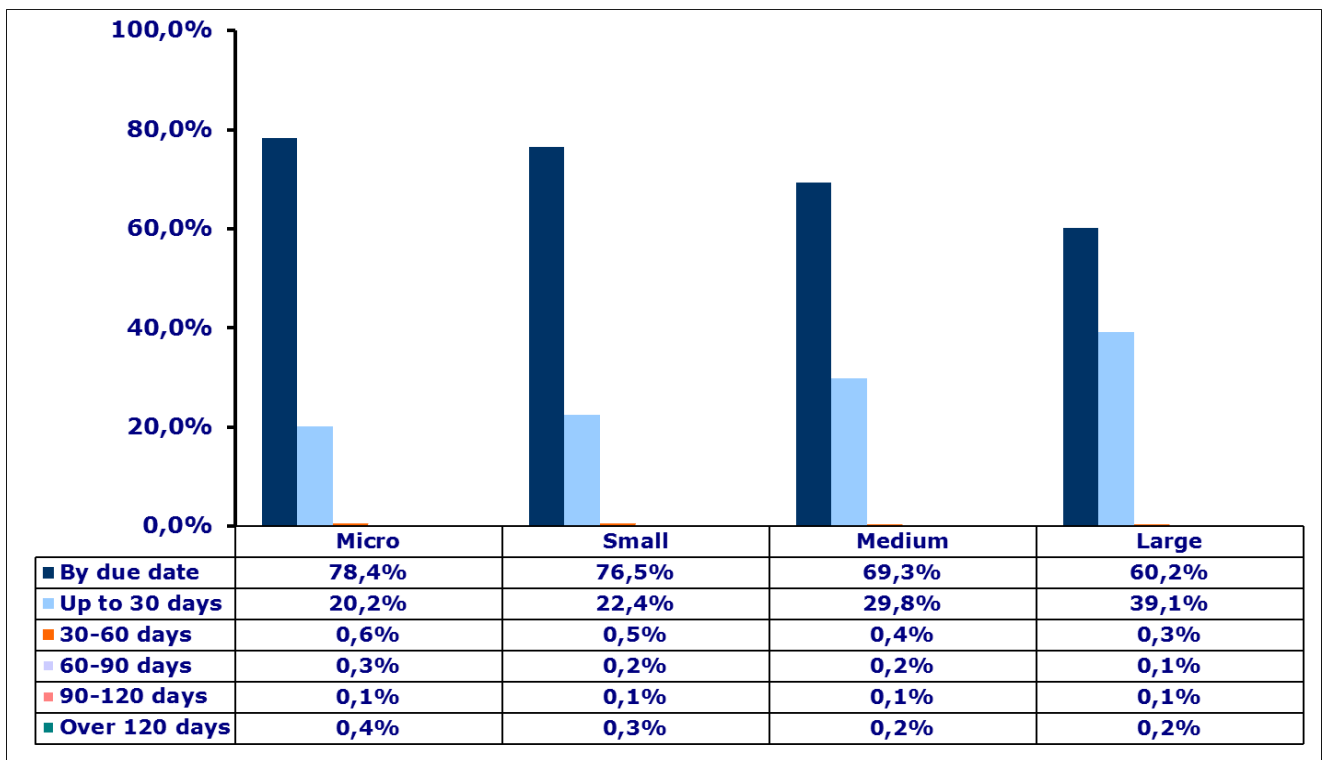
VARIATIONS IN PAYMENT PRACTICES IN GERMANY, 2007-2013

	Variation 2007/2013	Variation 2012/2013
By due date	21,4%	-3,5%
Up to 90 days	-18,6%	3,5%
Over 90 days	-2,8%	0,0%

PAYMENT PRACTICES IN GERMANY BY PAYMENT CLASS, 2007-2013



PAYMENT PRACTICES IN GERMANY BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN GERMANY BY PRODUCT SECTOR, 2013

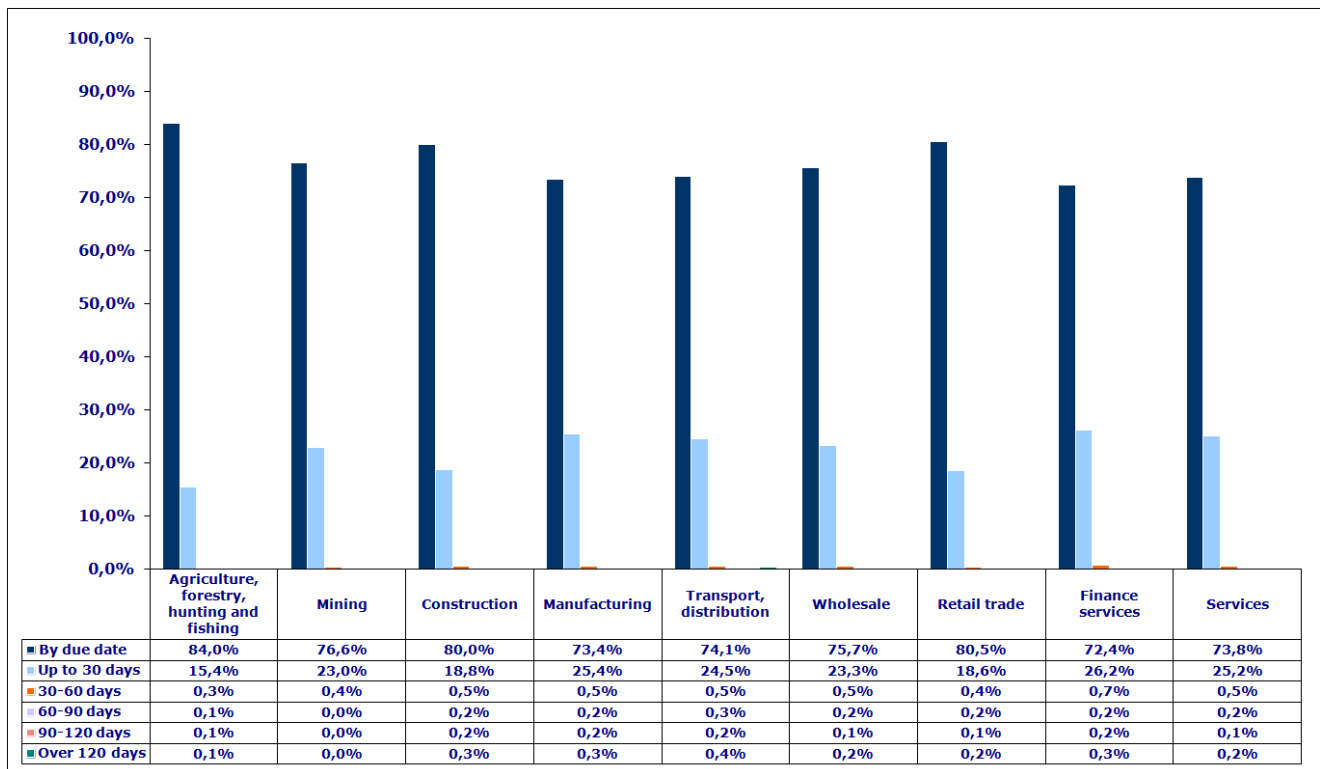


TABLE 11.7 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

SECTORS WITH THE BEST PAYMENT RECORDS IN GERMANY, 2013

Sector	Ranking 2013
JUSTICE, PUBLIC ORDER AND SAFETY	1
FORESTRY	2
MISCELLANEOUS RETAIL	3
AGRICULTURAL SERVICES	4
EXECUTIVE, LEGISLATIVE AND GENERAL	5
GENERAL BUILDING CONTRACTORS	6
AGRICULTURAL PRODUCTION - CROPS	7
BUILDING MATERIALS AND GARDEN SUPPLIES	8
LOCAL AND INTERURBAN PASSENGER TRANSIT	9
SPECIAL TRADE CONTRACTORS	10

SECTORS WITH THE WORST PAYMENT RECORDS IN GERMANY, 2013

Sector	Ranking 2013
COMMUNICATIONS	60
TRANSPORTATION SERVICES	59
LEATHER AND LEATHER PRODUCTS	58
PRINTING AND PUBLISHING	57
MISCELLANEOUS MANUFACTURING INDUSTRIES	56
AGRICULTURAL PRODUCTION - LIVESTOCK	55
FURNITURE AND FIXTURES	54
TRUCKING AND WAREHOUSING	53
FOOD AND KINDRED PRODUCTS	52
EATING AND DRINKING PLACES	51

12. UNITED KINGDOM

Below is the opinion of **Jackie Cullis, UK Scoring Specialist** at **Dun & Bradstreet Ltd**, on the economic scenario and payment situation in United Kingdom.

"Although it appeared that the economy lost some steam towards the end of 2013, the country faces a very bright near-term future. The latest Purchasing Managers' Indices (PMI, compiled by Markit) demonstrate that both the manufacturing and the services sector worsened slightly in December. In the services sector, the PMI eased to 58.8 points (down from a reading of 60.0 in November). Although this is the lowest reading in six months, it is not a cause for concern given that this level still comfortably exceeds the 50-points threshold that divides sectoral expansion from contraction. New order inflow rose steadily throughout 2013; indeed, the Q4 increase was the highest in the history of the PMI. Optimism in the services sector (which accounts for around 80% of the UK's GDP) is widespread and the backlog of work continues to grow (as a result of rising new orders and the fact that companies are operating close to full capacity).

Likewise, the manufacturing sector also deteriorated mildly in its PMI in December but this has not prompted us to doubt the strong underlying market fundamentals. The PMI dropped from 58.1 points in November to 57.3 in December, but the expansion in production and new order inflow were very close to the 22-year record-high posted in November. Domestic markets have been recovering for a while already but British industry is also benefitting from a modest upturn in export markets. Meanwhile, the PMI for the construction sector stood at 62.1 points in December, close to November's four-year high (of 62.6). Amid improving consumer confidence, we are revising upwards our growth forecasts for the UK. We now expect the economy to expand by 2.5% in 2014 (versus our previous estimate of 2.0%) and by 2.7% in 2015 (up from 2.2%). There is a good chance that we may upgrade the UK's country risk rating by one quartile to DB1d, (thereby making the UK one of the four best-ranked countries in the world) in the next three months if encouraging forward-looking indicator readings translate into a better payments performance, as well as lower insolvency risks.

D&B data for the final quarter of 2013 reported a significant drop in the number of corporate insolvencies – some 22% lower than the preceding quarter and 18% lower than the final quarter of 2012. The aggregate number of failures in 2013 was some 8% lower than the preceding year (2012) and some 9% lower than 2011.

In 2013, all industry sectors experienced a decline in the number of business failures when compared with the previous year (2012) with the exception of retail and the finance and industry sectors where there were aggregate increases of 7.1% and 6.5% respectively.

The data is encouraging and shows that current economic climate is providing a more stable trading platform for UK business.

Although it should be borne in mind that traditionally the number of corporate failures does tend to dip in the final quarter of a the year – it is a highly cash-generative time for many businesses, bolstering balance sheets and as such lenders are less likely to instigate insolvency proceedings in the run up to the peak Christmas period.

The latest quarterly statistics released by the ONS report that the unemployment rate for the period from September to November 2013 fell to 7.1% - down 0.5% from the prior period (June to August 2013). The Bank of England has indicated that it would consider a rise in base rates if unemployment dropped to below 7% of the active population.

This highly advertised statement is fuelling speculation that a change of interest rate is imminent. D&B consider that a rise is possible, however the likelihood of an upward movement in interest rates is unlikely to materialise until 2015 and before the general election. However, it does raise the question as to how “zombie” companies (those entities that are only generating sufficient cash to service their debts and pay their supplier base and have liabilities far in excess of their assets) will fare when interest rates finally rise. Base rate has remained at an all-time low of 0.5% since March 2009. While there is a likelihood that there will be an upturn in failures when interest rates rise, especially amongst corporate zombies, it is unlikely that there will be a major influx in business failures. As the economy strengthens, company's profits are likely to increase, which will in turn boost their balance sheets and provide more of a buffer to ride the interest rate rise.

Prompt payments have been relatively static in 2013 with a small decline in the final quarter. December is a popular year-end accounting date and the weakening may, in part, be as a result of businesses wishing to bolster their year-end cash figures to portray improved liquidity positions.

The issue of how quickly businesses are paying their suppliers is a source of constant debate in the political arena, among suppliers and businesses themselves, and in the media. While legislation is in place to assist the small business with its struggle against late payment, most businesses, especially Small and Medium enterprises (SMEs) will elect to take no action for fear of aggravating their suppliers, and the biggest companies will continue to flex their financial muscle at the expense of smaller and weaker counterparts. As the data reflects, the larger businesses continue to squeeze their suppliers by paying in a much slower manner than their smaller counterparts. The differential in payment habits between those companies employing 1000 workers or more and those employing less than five, is significant, 6.5% as opposed to some 32%.

Large businesses have the financial muscle to lengthen payment terms at will, and there have been a number of high profile businesses reported in recent months in the media that have taken exactly that stance. However, the additional financial burden on the smaller supplier can be catastrophic and it raises the issue as to whether, ethically, firms have a “corporate responsibility” to act in a fair manner in their transactions with their trade partners.

As depicted overleaf, prompt payments weakened across all trade sectors in November and December 2013. The most marked decline ironically came from the government sector where prompt payments have deteriorated steadily month-on-month from 24.7% in January 2013 to 18.3% in December 2013. Other notable changes have been within the Health, Education and Social sector and in the Transport sector, where prompt payments have declined from 29.7% to 25.6% and from 37.6% to 32.5% respectively. The only sector to report an upturn is the Construction sector, where prompt payments have improved from 26.9% to 28.7% (January to December 2013)."

Payment analysis

The analysis of United Kingdom payments shows weak signs of worsening at the end of 2013 and the performances are a long way from the average European results.

In fact, the share of British companies paying on time had reached 28,7% of the total, a value which is not very reassuring if compared to the European average of 38% (-9,3 percentage points), meanwhile, the majority of companies tended to pay on average between 1 and 30 days late (60,4%).

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 8,5%, whereas "bad payers" account for 2,4% of the sample analyzed (1,5 percentage points below the European average).

The variations between 2007 and 2013, however, are more significant: the share of "good payers" has decreased by 3,9%, meanwhile the number of cases with late payments up to 90 days has grown (+6,8%).

If we consider the picture of payments in 2013 by British companies by late payment class and company size, we notice a widespread tendency to pay between 1 and 30 days beyond agreed payment terms.

In particular, the highest concentrations are seen for Medium and Large companies with 74,4% and 82% of the total, respectively.

Micro companies seem to be more balanced with 31,5% of punctual payers, but the share of late payments of more than 90 days is the highest (3,2 percentage points).

The situation for larger companies is more complex: only 8,6% of the total are in the "By due date" class.

There is a homogeneous distribution of punctual payments in almost all the macro-sectors analyzed, with somewhat contained values.

The only exception is the Agriculture, forestry, hunting and fishing sector: in this case, the percentage of companies that respect payment terms agreed with their suppliers is 46,6%.

At the bottom of the classification, on the other hand, are the Manufacturing and Mining sectors, with almost than 23% of punctual payers.

In relation to intermediate late payments (between 30 and 90 days late), the highest values were in the Retail trade sector (15,1%) and Finance services (10,7%).

The worst performance in terms of serious late payments was seen in the Retail trade sector, where 3,3% of companies tend to pay more than 90 days late on average.

In first and second place the classification of micro-sectors with the most punctual payments are Agricultural production – Crops and Agricultural production – Livestock (punctual payers are over 50% of the total).

First position in the sector ranking of "bad payers" is held by Security and commodity brokers, with 4,4% of late payments of over 90 days on average, followed by Apparel and accessory stores, with 4,1%.

In conclusion, the UK continues to be placed low down in the European context and to show difficulties in managing payments on time.

TABLE 12.1 SOURCE: DUN & BRADSTREET LTD

PERCENTAGE OF COMPANIES IN THE UK WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
United Kingdom	32,6%	30,2%	28,7%
Europe	40,4%	39,1%	38,0%

TABLE 12.2 SOURCE: DUN & BRADSTREET LTD

PERCENTAGE OF COMPANIES IN THE UK WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

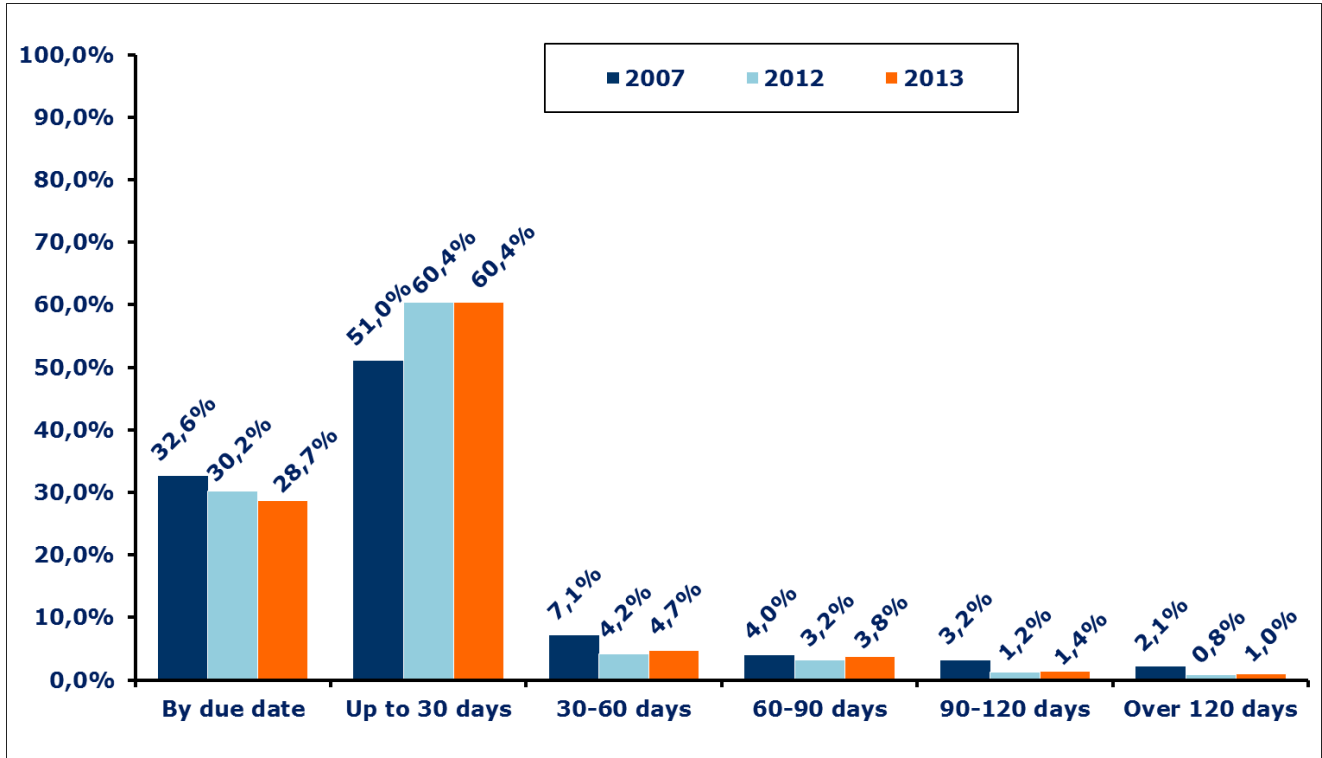
	2007	2012	2013
United Kingdom	5,3%	2,0%	2,4%
Europe	2,9%	3,3%	3,9%

TABLE 12.3 SOURCE: DUN & BRADSTREET LTD

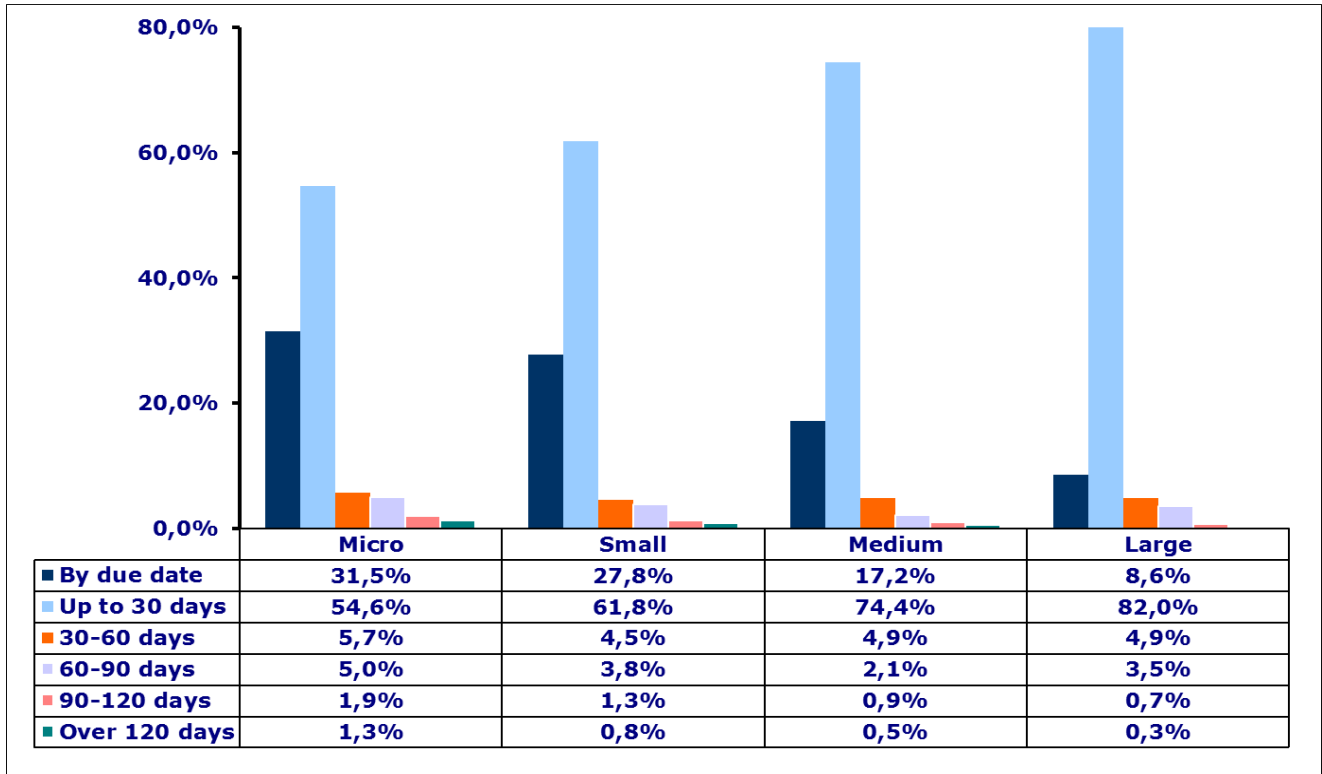
VARIATIONS IN PAYMENT PRACTICES IN THE UK, 2007-2013

	Variation 2007/2013	Variation 2012/2013
By due date	-3,9%	-1,5%
Up 90 days	6,8%	1,1%
Over 90 days	-2,9%	0,4%

PAYMENT PRACTICES IN THE UK BY PAYMENT CLASS, 2007-2013



PAYMENT PRACTICES IN THE UK BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN THE UK BY PRODUCT SECTOR, 2013

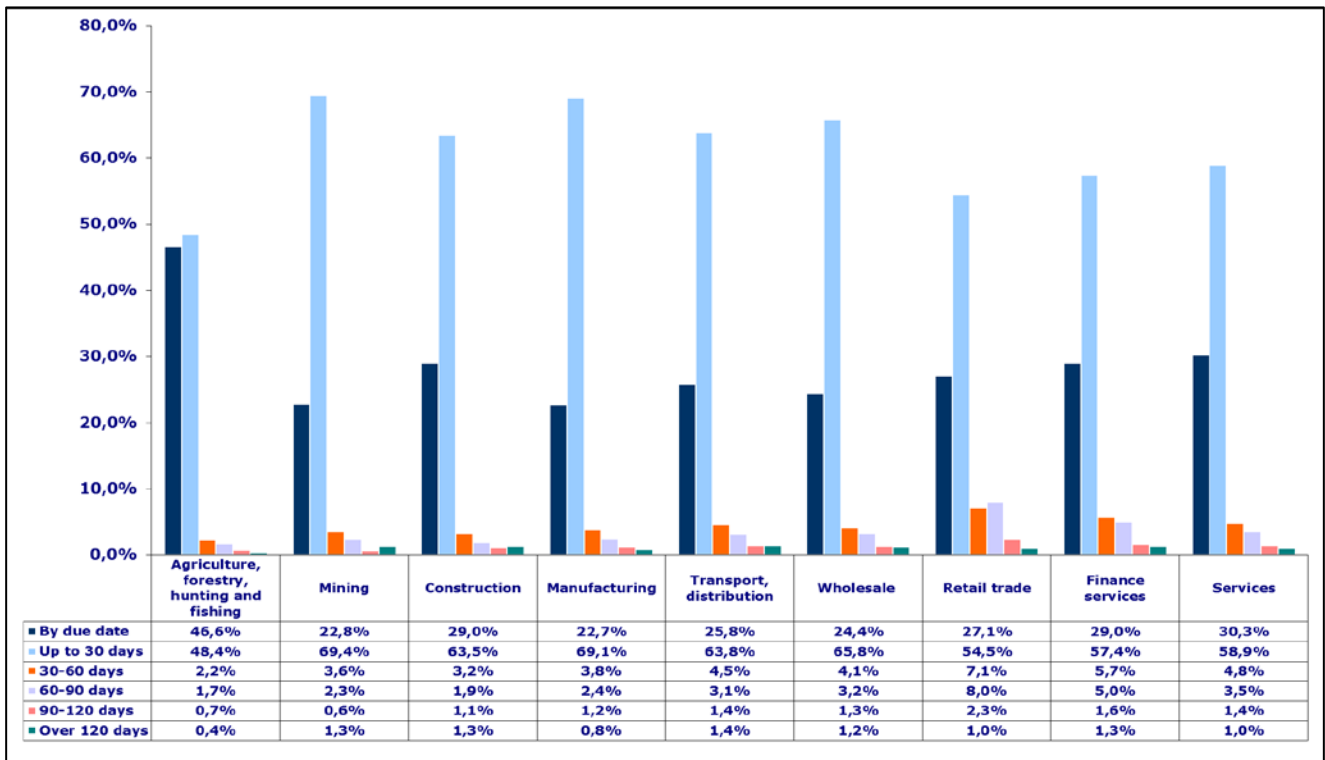


TABLE 12.7 SOURCE: DUN & BRADSTREET LTD

SECTORS WITH THE BEST PAYMENT RECORDS IN THE UK, 2013

Sector	Ranking 2013
AGRICULTURAL PRODUCTION - CROPS	1
AGRICULTURAL PRODUCTION - LIVESTOCK	2
AGRICULTURAL SERVICES	3
FISHING, HUNTING AND TRAPPING	4
MEMBERSHIP ORGANIZATIONS	5
FORESTRY	6
HEALTH SERVICES	7
AUTO REPAIR, SERVICES AND PARKING	8
NONDEPOSITORY INSTITUTIONS	9
INSURANCE AGENTS, BROKERS AND SERVICE	10

TABLE 12.8 SOURCE: DUN & BRADSTREET LTD

SECTORS WITH THE WORST PAYMENT RECORDS IN THE UK, 2013

Sector	Ranking 2013
SECURITY AND COMMODITY BROKERS	73
APPAREL AND ACCESSORY STORES	72
EATING AND DRINKING PLACES	71
PERSONAL SERVICES	70
NATIONAL SECURITY AND INTL. AFFAIRS	69
COMMUNICATIONS	68
LOCAL AND INTERURBAN PASSENGER TRANSIT	67
PRIVATE HOUSEHOLDS	66
PRINTING AND PUBLISHING	65
FURNITURE AND HOMEFURNISHINGS STORES	64

13. SPAIN

Below is the opinion of **Nathalie Gianese** and **José Antonio Teijelo**, **Quality and Analysis Director** and **International & Corporate Development Director** at **Informa D&B**, on the economic scenario and payment situation in Spain.

"In 2013 the Spanish economy has lived two well differentiated periods. The first half of the year was characterized by uncertainty and the crisis death throes. And a second part in which the crisis seemed to rock bottom by showing the first symptoms of the economic recovering.

The Spanish economy has improved gradually.

2013 has ended by showing a GDP growth for two consecutive quarters, the three big Rating Agencies have modified their forecasts from negative to stable, and the international institutions have praised the Spanish economic reforms.

Everything points the end of the worst part of the crisis, with an open door for hope on recovery in 2014.

On January 2nd, the "bad bank" (Sareb) got under way, it meant the final step of the Spanish financial industry restructuring process after several unsuccessful attempts.

Fortunately, the devastating effects on investor confidence in Spain began to fall behind. We could see a sign of the investor's confidence recovery at the end of January 2014 when the Spanish Treasury achieved a 23,000 million euros record demand for a sovereign bond syndicated issue, out of which finally 7,000 million were placed.

In April, the relaxation of the pressure of international capital markets on Spanish economy was becoming evident: the risk premium fell below the 300 basis points for the first time in fourteen months. In September the Spanish country risk was below the Italian for the first time since 2012, with less than 250 points.

On May 2nd, the European Central Bank, which played a key role in 2012 with its shock program to calm the situation in the European debt market, cut out the official interest rate to 0.5%, the lowest level of his history ... until November 7, when the ECB presided by Mario Draghi cut interest rates again to a record 0.25%, to stimulate the Eurozone recovery and to fight against the threat of deflation.

Regarding the Spanish business sector, 2013 was full of news, some of them positives and some others negatives. Finally the Eurovegas -Las Vegas Sands- Project in Madrid ended up frustrated, the company Pescanova-one of the world largest fishing company-fell in default and some irregularities came into light, Iberia faced a tough restructuring, El Corte Inglés -one of Spanish bigger retailer- renegotiated a 3,800 million euros debt with the banks with success. On July 22 Telefonica finalizing the purchase of E-Plus, KPN's German subsidiary, with which will create a telecom giant valued at 18,000 million euros.

And, in late June the Madrid Stock Exchange became able to get by and to close the year above 10,000 points, which has not happened since July 2011.

All the adjustments and reforms, the falling labour costs, the competitiveness gains and the prospect of an improved economic scenario have put Spain on the map of international investment again.

Nevertheless, we cannot forget the huge unemployment drama that still affects 6 million people in Spain. This situation is the Spanish economy priority, its main challenge, and even an important part of the definitive solution of the crisis.

2013 would be a key year in the fight against payment delays as well, with legislative news as with the political decisions taken.

The European and Spanish legislations have been evolving in the past 20 years to fight against payment delays; nevertheless no clear results have been obtained. On March, after the expiry of the application of the Directive 2011/7/EU, approved by the Decree 4/2013 dated 22 February on entrepreneurship support measures and job creation and growth stimulation. In parallel the government developed several Suppliers Payment Plans and enacted the Organic Law to control the commercial debt in the public sector.

All those factors may probably explain the improvements that we can observe in payment delays in 2013, even if we are still far from the 30 days payment objective.

Our research analyses the Average Payment Delay that is formed by the addition of the average payment delay and payment conditions.

About average payment delays that are calculated in 17.79 days, they increase 0.07 days with respect to the third quarter and reduce 1.78 with respect to the same quarter of the previous year.

As well the Administration as the companies of the private sector improve their payment delays in 2013, being the improvement in the Administration the most important one: In 2013, Administration's payment delays reached 32.52 average payment delays, -7.67 days in computation to 2012, and the Private sector companies had an average delay of 17.66 days (-1.72 days with respect to 2013.)

By analyzing the average delay of Spanish companies we can observe that 43.40% of the companies do pay promptly, this amount is the best ever registered and this proportion has been improving up to 2.71 points in a year.

According to the characteristics of the companies we can observe that:

- The companies located in southern Spain present average delays worst than the ones observed in the Northern area of the country.*
- By sectors, Real State, Administration and Hotel activities companies pay with more than 30 days late.*
- Finally, small or medium sized companies present better payment periods than large companies and in turn this type of companies are the ones that have improved the most in 2013 evolving from 20.99 average payment delay days to 18.69 days for micro companies while large companies reach 18.18 days.*

Payment analysis

In 2013 in Spain we can observe a significant improvement in the distribution of companies when analyzed by payment class.

The share of companies paying on time accounts for 45,5%, registering a 3,9 percentage point increase compared with 2012 and 3,9 percentage points above the European average.

The positive performance is also seen in the late payment class of over 90 days: at the end of 2013, the concentration in this bracket was 3,7%, compared to the 8,3% in the previous year.

The large part of Spanish companies fell within the "Up to 30 days" payment class: in fact, 46,5% paid commercial transactions between 1 and 30 days late.

There has been a slight improvement in all other late payment classes, above all for companies falling into the "30-90 days" class, with a percentage of 4,3% (-1,6 percentage points vs. 2012).

The comparison with 2007 shows a worsening in payment performance, with a 3,9 percentage point reduction in the share of punctual payers and a corresponding increase in the "Up to 90 days" class (+4,2%) and a slight decrease in the "Over 90 days" class (-0,3%).

Micro and Small companies have very high percentages of punctual payments (53% for the former and 45% for the latter), but also modest values in the other payment classes.

4,5% of Micro companies pay on average more than 90 days late, while for Small companies this percentage is 3,1%.

Payment behavior is different for larger companies: the major part of payers in these two categories pay up to 30 days late on average, meanwhile serious late payments are more contained (around 2,5%).

Specifically, 67,5% of Medium companies and 79,5% of Large companies fall within the "Up to 30 days" payment class.

Payment habits for Spanish sectors in 2013 have not changed much compared with 2012.

The best payment performances are seen in the Retail trade and Wholesale sectors, with 55,4% and 50,4% of punctual payers, meanwhile the worst result was seen for Transport, distribution (only 33,5%).

In almost all Spanish sectors there was a tendency for payments to be late by between 1 and 30 days, with values varying between 37,6% for Retail trade and 57,6% for Transport, distribution.

Furthermore, once again this year the worst performances in terms of the more serious late payments are seen in the Construction and Mining sectors.

In the former case, a percentage of 6,1% of companies tend to pay their commercial transactions on average more than 90 days late, meanwhile in the Mining sector, the share is 5,5% of the total.

Amongst the micro-sectors with the best payment performances, the top positions are held by Miscellaneous retail with 64,2% of good payers and Leather and leather products with 61,1% of companies respecting agreed terms.

In the classification of sectors that pay seriously late, in first place are Executive, legislative and general, with 10,7% of companies paying their obligations more than 90 days late on average. These are followed by the Eating and drinking places sector (10,1% in this class).

TABLE 13.1 SOURCE: INFORMA D&B

PERCENTAGE OF COMPANIES IN SPAIN WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
Spain	49,4%	41,6%	45,5%
Europe	40,4%	39,1%	38,0%

TABLE 13.2 SOURCE: INFORMA D&B

PERCENTAGE OF COMPANIES IN SPAIN WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

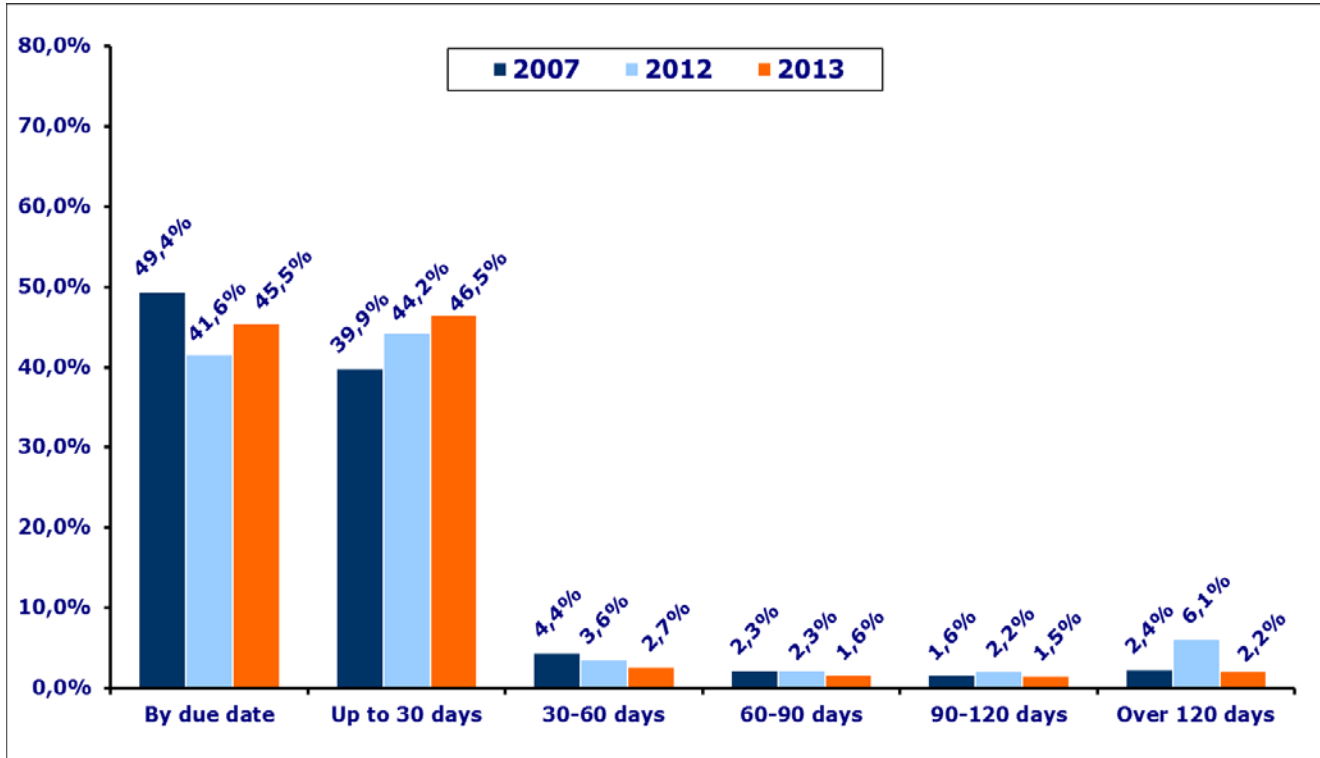
	2007	2012	2013
Spain	4,0%	8,3%	3,7%
Europe	2,9%	3,3%	3,9%

TABLE 13.3 SOURCE: INFORMA D&B

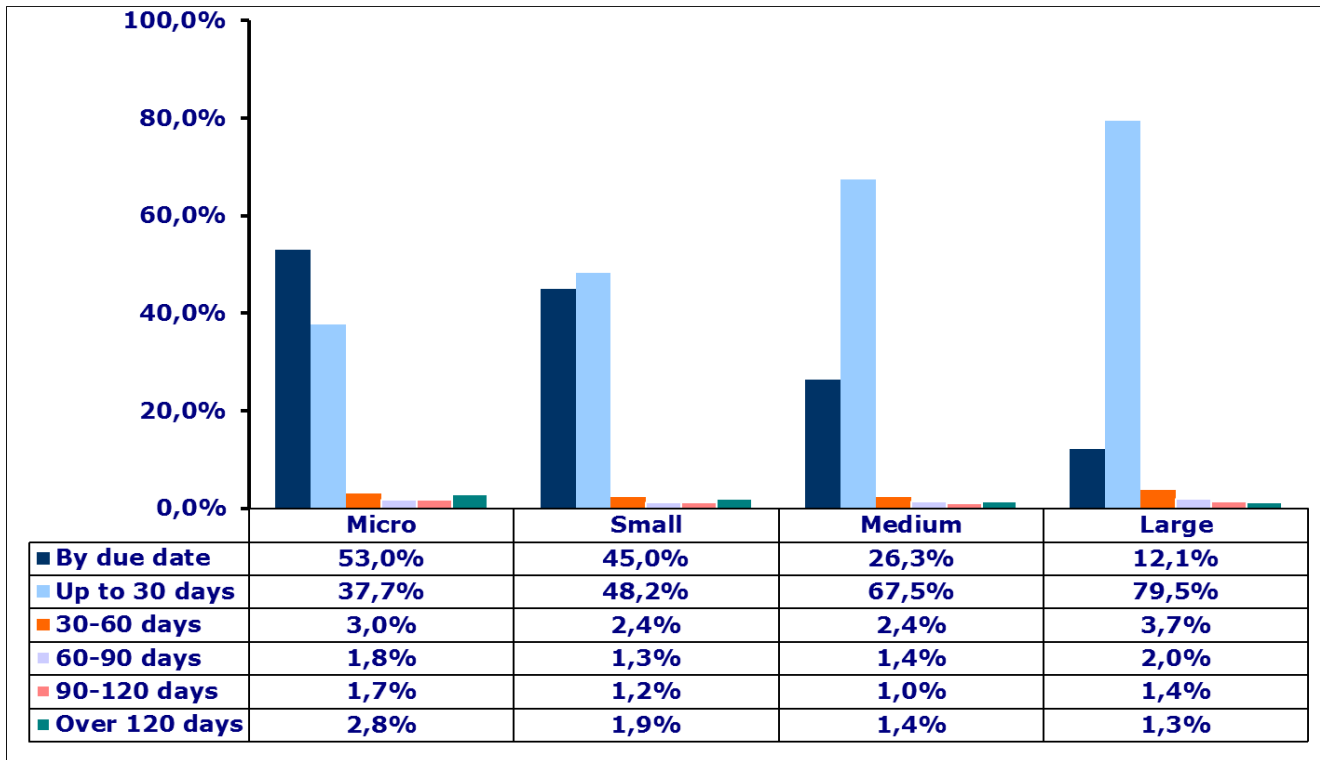
VARIATIONS IN PAYMENT PRACTICES IN SPAIN, 2007-2013

	Variation 2007/2013	Variation 2012/2013
By due date	-3,9%	3,9%
Up to 90 days	4,2%	0,7%
Over 90 days	-0,3%	-4,6%

PAYMENT PRACTICES IN SPAIN BY PAYMENT CLASS, 2007-2013



PAYMENT PRACTICES IN SPAIN BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN SPAIN BY PRODUCT SECTOR, 2013

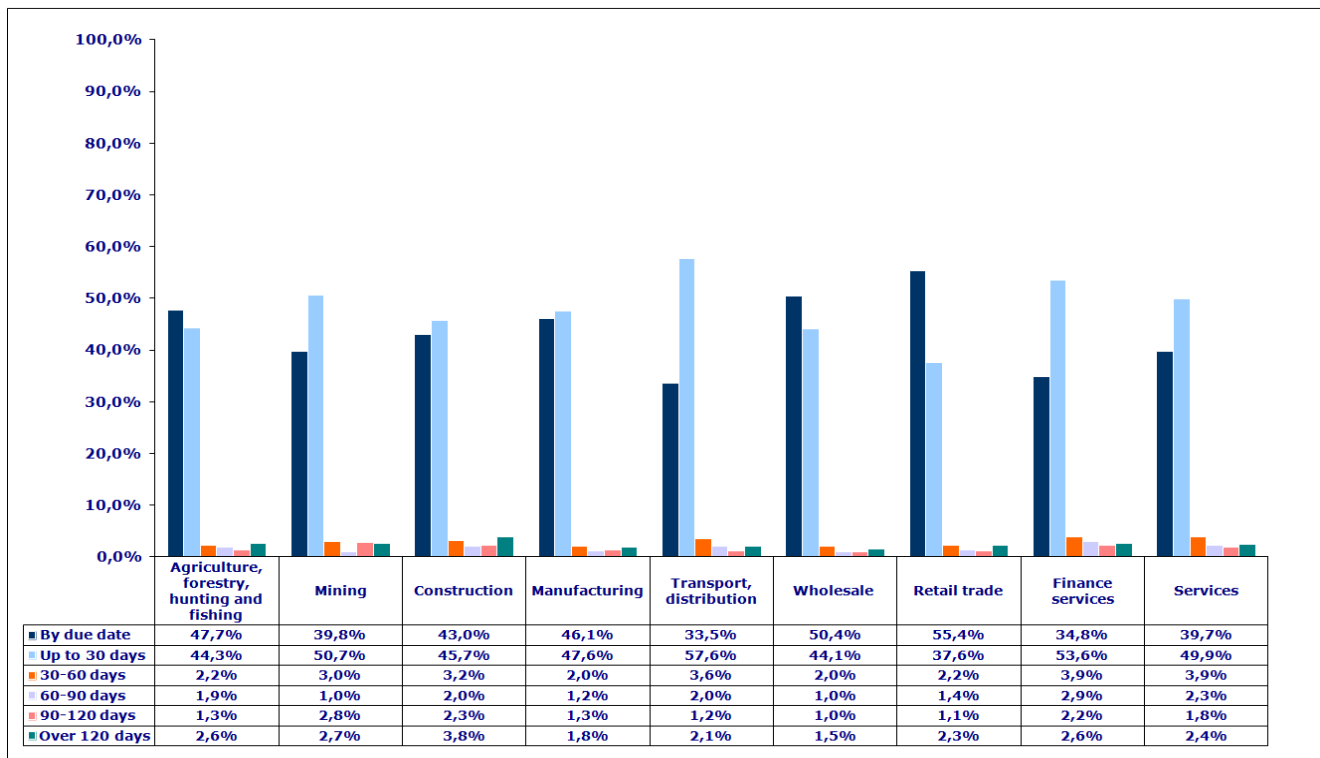


TABLE 13.7 SOURCE: INFORMA D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN SPAIN, 2013

Settore	Ranking 2013
MISCELLANEOUS RETAIL	1
LEATHER AND LEATHER PRODUCTS	2
APPAREL AND ACCESSORY STORES	3
MISCELLANEOUS REPAIR SERVICES	4
GENERAL MERCHANDISE STORES	5
BUILDING MATERIALS AND GARDEN SUPPLIES	6
FURNITURE AND HOMEFURNISHINGS STORES	7
TEXTILE MILL PRODUCTS	8
FISHING, HUNTING AND TRAPPING	9
WHOLESALE TRADE - NONDURABLE GOODS	10

SECTORS WITH THE WORST PAYMENT RECORDS IN SPAIN, 2013

Settore	Ranking 2013
EXECUTIVE, LEGISLATIVE AND GENERAL	62
EATING AND DRINKING PLACES	61
MOTION PICTURES	60
GENERAL BUILDING CONTRACTORS	59
REAL ESTATE	58
AMUSEMENT AND RECREATION SERVICES	57
NONMETALLIC MINERALS, EXCEPT FUELS	56
SPECIAL TRADE CONTRACTORS	55
HEAVY CONSTRUCTION, EXCEPT BUILDING	54
AGRICULTURAL SERVICES	53

14. PORTUGAL

Payment analysis

The payment situation in Portugal is one of the most critical among the countries analyzed in the study. The percentage of Portuguese companies that pay on time in 2013 was 16,5% of the total, 21,5 percentage points below the European average.

Over half of Portuguese companies (58%) fall within the "Up to 30 days" payment class (+12,7 percentage points on 2007).

The remaining 25% in the sample are in the intermediate and serious late payment classes: 12,7% tend to pay between 30 and 90 days late on average, while 12,8% exceed 90 days late on average, with 8,9 percentage point difference from the European average (3,9%).

There is a high concentration in the "Over 120 days" late payment class (8,3 percentage points).

Portugal shows increasing difficulty in managing business payments, and variations in the distribution by payment class over the last six years have been particularly significant; the gap of "good payers" with 2007 has reached 5,2 percentage points, while there are 3,4% more companies in the serious late payment class (over 90 days).

Analyzing the performance of the Portuguese payment system in relation to macro-sectors, there is a widespread tendency to pay up to 30 days late on average: the Wholesale (62,8%) and Manufacturing (62,7%) sectors have the highest concentrations in this class.

The sector with the best performance in terms of payment punctuality is Agriculture, forestry, hunting and fishing with 29,4% of companies in this class; there is also the smallest share of companies that pay on average more than 90 days late in this sector (9,6%).

On the other hand, the highest share of "bad payers" is seen in the Construction sector, with 22,9% of the total.

As already seen in 2011 and 2012, the best micro-sector with the most punctual payments is the Legal services one, where in 44,2% of cases companies pay their trading partners within agreed terms. This is followed by Nondepository institutions with 37,5% of punctual payers.

The worst sector is Personal services, with 31% of companies paying seriously late (over 90 days on average), an increase of 18,9 percentage points compared with 2012. This sector is followed by General building contractors (28,1%) and Eating and drinking places (24,4%).

Therefore, in 2013 Portugal continues to show significant difficulty in managing its payment system in a balanced way and is suffering compared to other European countries.

TABLE 14.1 SOURCE: INFORMA D&B PORTUGAL

PERCENTAGE OF COMPANIES IN PORTUGAL WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
Portugal	21,7%	17,6%	16,5%
Europe	40,4%	39,1%	38,0%

TABLE 14.2 SOURCE: INFORMA D&B PORTUGAL

PERCENTAGE OF COMPANIES IN PORTUGAL WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

	2007	2012	2013
Portugal	9,4%	11,2%	12,8%
Europe	2,9%	3,3%	3,9%

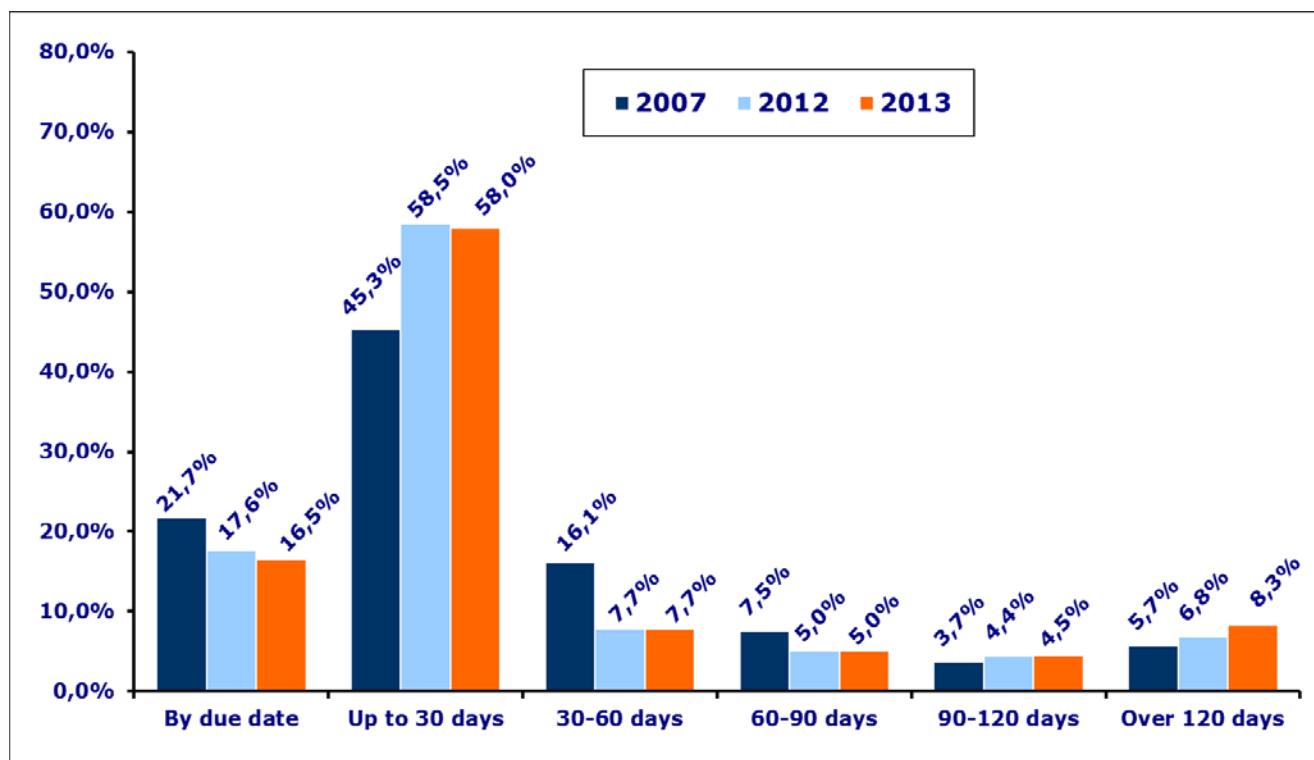
TABLE 14.3 SOURCE: INFORMA D&B PORTUGAL

VARIATIONS IN PAYMENT PRACTICES IN PORTUGAL, 2007-2013

	Variation 2007/2013	Variation 2012/2013
By due date	-5,2%	-1,1%
Up to 90 days	1,8%	-0,5%
Over 90 days	3,4%	1,6%

GRAPH 14.4 SOURCE: INFORMA D&B PORTUGAL

PAYMENT PRACTICES IN PORTUGAL BY PAYMENT CLASS, 2007-2013



PAYMENT PRACTICES IN PORTUGAL BY PRODUCT SECTOR, 2013

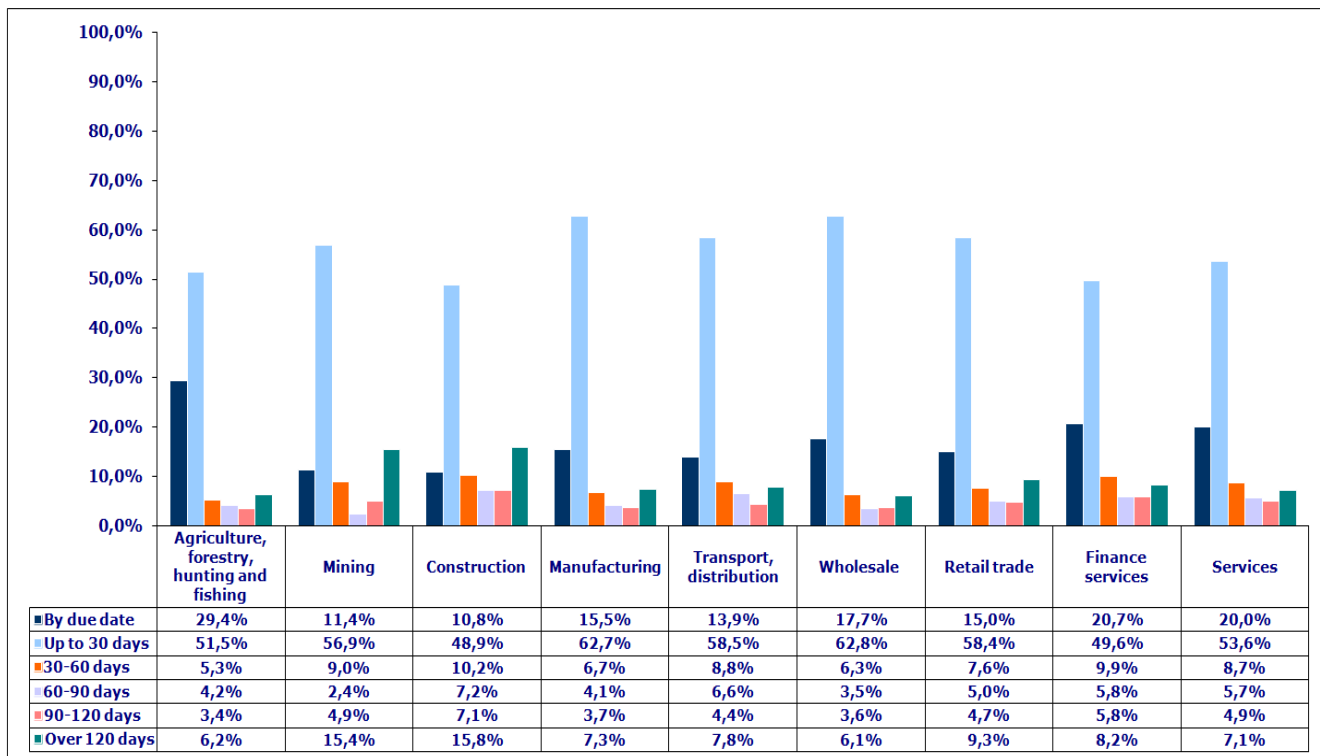


TABLE 14.6 SOURCE: INFORMA D&B PORTUGAL

SECTORS WITH THE BEST PAYMENT RECORDS IN PORTUGAL, 2013

Sector	Ranking 2013
LEGAL SERVICES	1
NONDEPOSITORY INSTITUTIONS	2
AGRICULTURAL SERVICES	3
EDUCATIONAL SERVICES	4
MEMBERSHIP ORGANIZATIONS	5
SERVICES	6
PRINTING AND PUBLISHING	7
SOCIAL SERVICES	8
APPAREL AND ACCESSORY STORES	9
FURNITURE AND HOMEFURNISHINGS STORES	10

TABLE 14.7 SOURCE: INFORMA D&B PORTUGAL

SECTORS WITH THE WORST PAYMENT RECORDS IN PORTUGAL, 2013

Sector	Ranking 2013
PERSONAL SERVICES	53
GENERAL BUILDING CONTRACTORS	52
EATING AND DRINKING PLACES	51
HEAVY CONSTRUCTION, EXCEPT BUILDING	50
NONMETALLIC MINERALS, EXCEPT FUELS	49
REAL ESTATE	48
SPECIAL TRADE CONTRACTORS	47
TRUCKING AND WAREHOUSING	46
FURNITURE AND FIXTURES	45
AMUSEMENT AND RECREATION SERVICES	44

15. SLOVENIA

Below is the opinion of **Neli Trošič**, **Head of analytics** at **Bonitetna hiša I**, on the economic scenario and payment situation in Slovenia.

"The biggest challenge facing the European economy is continued recovery and coordination of economic policies. According to estimates by the Slovenian Chamber of Commerce, year 2014 is going to be the turning point for Slovenia, but it depends on many adopted and successfully undertaken measures taken in 2013. The situation in the Slovenian banking system is extremely depressed since the beginning of the economic crisis. The end of 2013 was marked also by the rehabilitation of the most exposed banks. For this purpose, the Slovenian Government established Bank Asset Management Company (BAMC) as the key institution which will engage in the activities that will help strengthening the stability of the Slovenian financial system and will thereby renew public confidence. This is one of the government measures to strengthen the financial viability and sustainability of Slovene system banks, which will consecutively encourage economic growth. The Measures of the Republic of Slovenia to Strengthen the Stability of Banks Act (MSSBA), which entered into force at the end of 2012, forms the legal foundation for the BAMC. First task of the BAMC is to relieve system banks by taking over the problem assets and then manage those assets.

Insolvency legislation has been amended six times by the end of 2013. This is the reason, that the number of beginnings of receivership procedures over a legal entities in the second half of the year 2013 doubled. At the same time due to the maintaining of economic growth and providing conditions for stable economy, a number of measures has been adopted, such as simplified court debt settlement procedure for small and medium-sized companies and enhanced rights for creditors and employees.

According to the Statistical Office of the Republic of Slovenia, the annual inflation in December 2013 was 0.7% (in previous year it was 2.7%). EUROSTAT published the annual rate in the entire Euro area in December 2013 and January 2014 stood at 0.8%. Statistical Office of the Republic of Slovenia has published annual growth rates of real GDP by year: -2.5% in 2012, 0.6% in 2011, 1.2% in 2010, -7.8 % in 2009 and 3.4% in 2008.

EBRD, European Bank for Reconstruction and Development, evaluated a further contraction of the economy in the first half of 2013 by 3.2%. It is estimated that Slovenia suffered the second deepest output fall in the European Union (EU) since the 2008-09 financial crisis. Consequently, corporate finances and bank non-performing loans (NPLs) continue to deteriorate and therefore emphasize the importance of reforms in the financial sector. International institutions have made estimates of the motion of gross domestic product in Slovenia for 2014 of +1.1 % (OECD) to -1.4 % (IMF). Among the euro countries in the next year, Cyprus could be in recession beside Slovenia. In such a manner, the Slovenian economy will be faced with tense conditions in all areas.



The payment terms increased in the recent years due to lack of payment discipline in Slovenia as well as in the global economy. Consequently the payment habits of customers also changed. Before the economic crisis, the delayed payment as well as an extension of the payment deadline were a less common way of doing business. If the company asked for extended payment terms in the past, that was not a sign for potential trouble and it did not mean that there is a possibility the company will not be able to pay the bill at all, as it means today. To avoid default, the companies today insure the payment in advance before they deliver goods or services. The companies in Slovenia have various payment terms which depend on the type of customer and on the type and quantity of ordered goods or services. EU guidelines for payment terms is the maximum 60-day, but very few companies in Slovenia take this into account. The state prescribed 60 days payment terms between companies and 30 days payment terms between companies and public authorities. In practice payment terms and delays in payments are a lot higher. According to our analysis, we estimate that the average payment terms between companies are between 60 and 90 days.

Since the economic crisis began, the position of companies and proprietorships significantly worsened. AJPES (The Agency of the Republic of Slovenia for Public Legal Records and Related Services) cover liabilities arising from court resolutions, the debt and tax enforcement costs, but does not include operations between companies. Their recent publication shows that 6000 business entities monthly have overdue of commitments over five days in 2013 and that approximately 70 percent of their debt liabilities has arisen from court decisions on enforcement. Number of business entities with overdue of commitments over one year from February 2013 to January 2014 has continuously increased from 2,271 to 2,600, an increase of almost 15 percent. Delays in payments in the case of sole proprietors increased specially in the second half of 2013.

Due to increased delays in payments on the domestic market, the companies focused on foreign markets, as it is resulted by the increase in net exports in 2013. Exports increased by 2.9 % and imports by only 1.3 %. Despite the lower growth of exports in relation to other EU member states, Slovenia had a higher surplus of foreign trade.

Companies are more cautious due to increased delays in payment and ways of doing business. Various measures have been taken to decrease delays in payment. Companies are monitoring the solvency of their customers and regulate their credit limits daily in current situation. Quantity and value of insurance in making businesses increased, also the amount of compensations, prepayments and bank guarantees increased. Some companies have an article in their contracts, which can be used to stop operation if the customer does not settle its bills."



Payment analysis

The payment situation for Slovenia shows a somewhat uniform trend with levels similar to European averages.

In 2013, the percentage of companies paying their trading partners on time is 39,7% of the total (-0,1% compared to 2012), 1,7 percentage points more than the European average.

Companies in the intermediate late payment class of between 30 and 90 days represent 6,3% of the total.

On the other hand, the percentage of companies that pay more than 90 days late on average in Slovenia is 2,3% (+0,3% vs. 2012) with a gap of 1,6 percentage points from the European average.

The concentration in the "By due date" class in these five years has increased by 6,5%: this change has more or less been absorbed by the "Up to 90 days" class (-5,8%) and in a small part by the serious late payment class of over 90 days on average (-0,7%).

Micro companies have a more balanced behavior: 43,1% of companies respect agreed terms and over 48% pay suppliers within the next 30 days.

The situation is different for the other sizes, for which less than a third of the total are in the "By due date" class, and there is a higher concentration in the "Up to 30 days" class (values between 59,4% and 69,9%).

Also, Large companies stand out due to the significant percentages in the intermediate and serious late payment classes.

In fact, 9,9% of these companies pay between 30 and 90 days late and 2,6% pay 90 days beyond the due date.

As regards the payment practices in terms of payment class and sector, there is a more or less uniform behavior in relation to punctual payments: the percentage of punctual payers in the Finance services and Services sectors is 45% and above, meanwhile the other sectors have between 35,9% and 42% of companies in the "By Due Date" class.

All the sectors considered have a greater propensity to pay suppliers up to 30 days late (more than 48% in most cases).

The Mining sector is more problematic in relation to other late payment classes: 9,4% of companies pay suppliers with an average delay of between 30 and 90 days, while 5,1% exceeds 90 days beyond agreed terms.

In first place of the classification of the micro-sectors with the most punctual payments, we have Holding and other investment offices (50,9% of payments by due date), followed by Instrument and related products with 49,7% of good payers.

Among those with the greatest difficulty in managing payments we find General merchandise stores with 6,6% of payment delays of over 90 days on average and Apparel and other textile products with 5,5%.

In conclusion, Slovenia is placed in an intermediate position compared to other countries analyzed in the Payment Study and is still a long way from the top performers in Europe.



TABLE 15.1 SOURCE: BONITETNA HIŠA I

PERCENTAGE OF COMPANIES IN SLOVENIA WITH ON TIME PAYMENTS, 2009-2013

	2009	2012	2013
Slovenia	33,2%	39,8%	39,7%
Europe	40,4%	39,1%	38,0%

TABLE 15.2 SOURCE: BONITETNA HIŠA I

PERCENTAGE OF COMPANIES IN SLOVENIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2009-2013

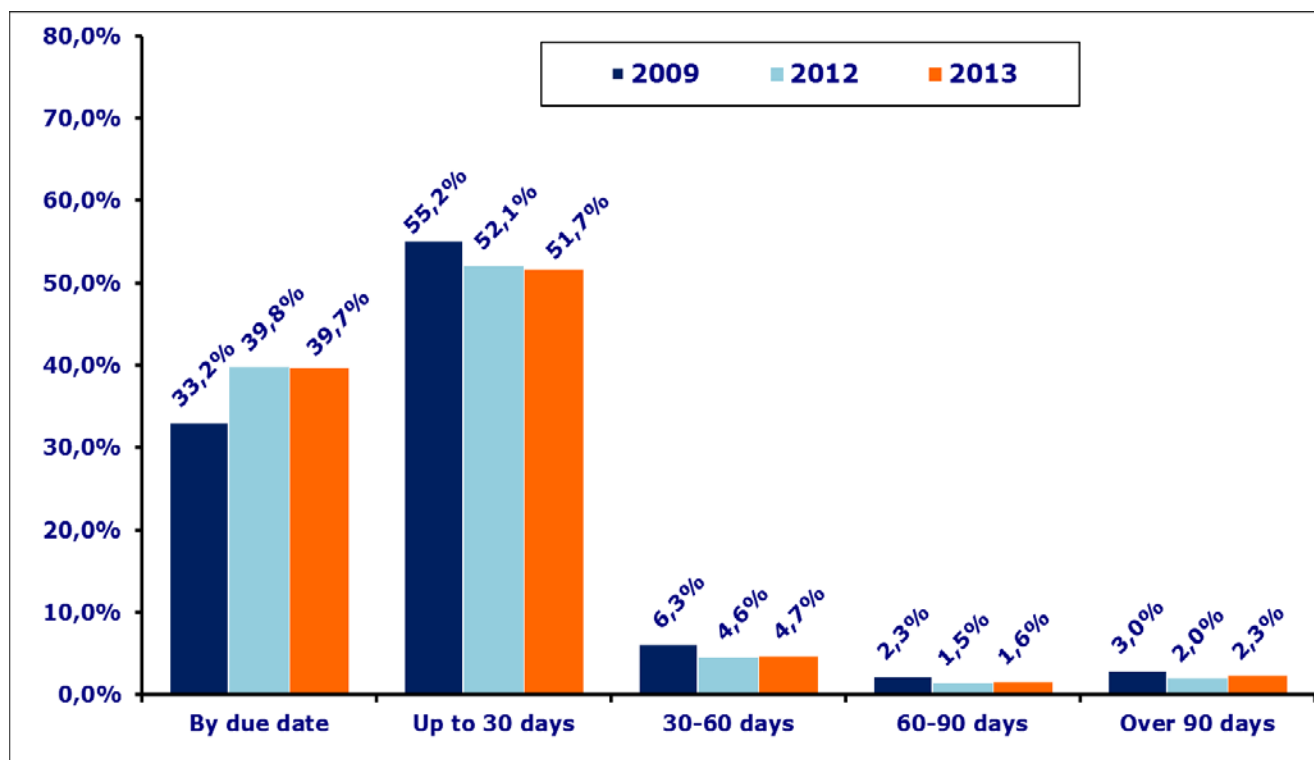
	2009	2012	2013
Slovenia	3,0%	2,0%	2,3%
Europe	2,9%	3,3%	3,9%

TABLE 15.3 SOURCE: BONITETNA HIŠA I

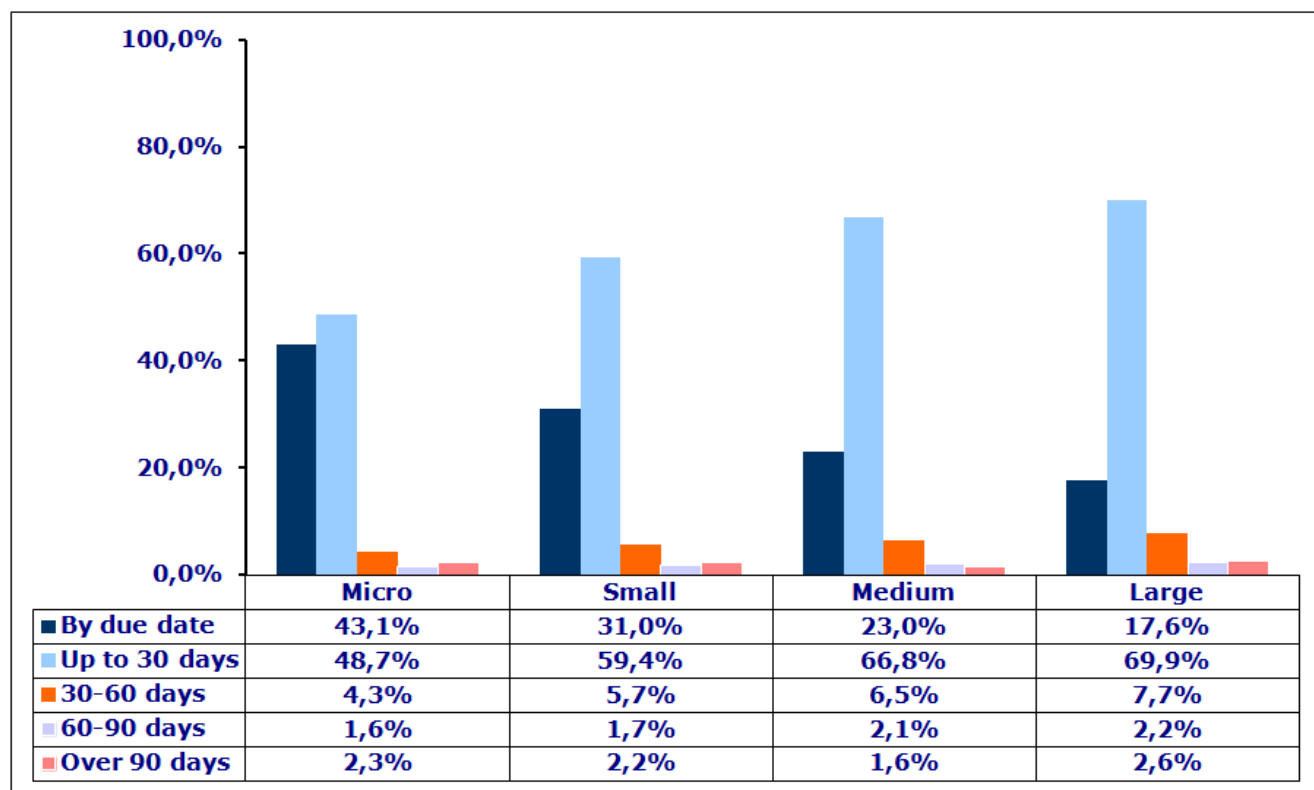
VARIATIONS IN PAYMENT PRACTICES IN SLOVENIA, 2009-2013

	Variation 2009/2013	Variation 2012/2013
By due date	6,5%	-0,1%
Up to 90 days	-5,8%	-0,2%
Over 90 days	-0,7%	0,3%

PAYMENT PRACTICES IN SLOVENIA BY PAYMENT CLASS, 2009-2013



PAYMENT PRACTICES IN SLOVENIA BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN SLOVENIA BY PRODUCT SECTOR, 2013

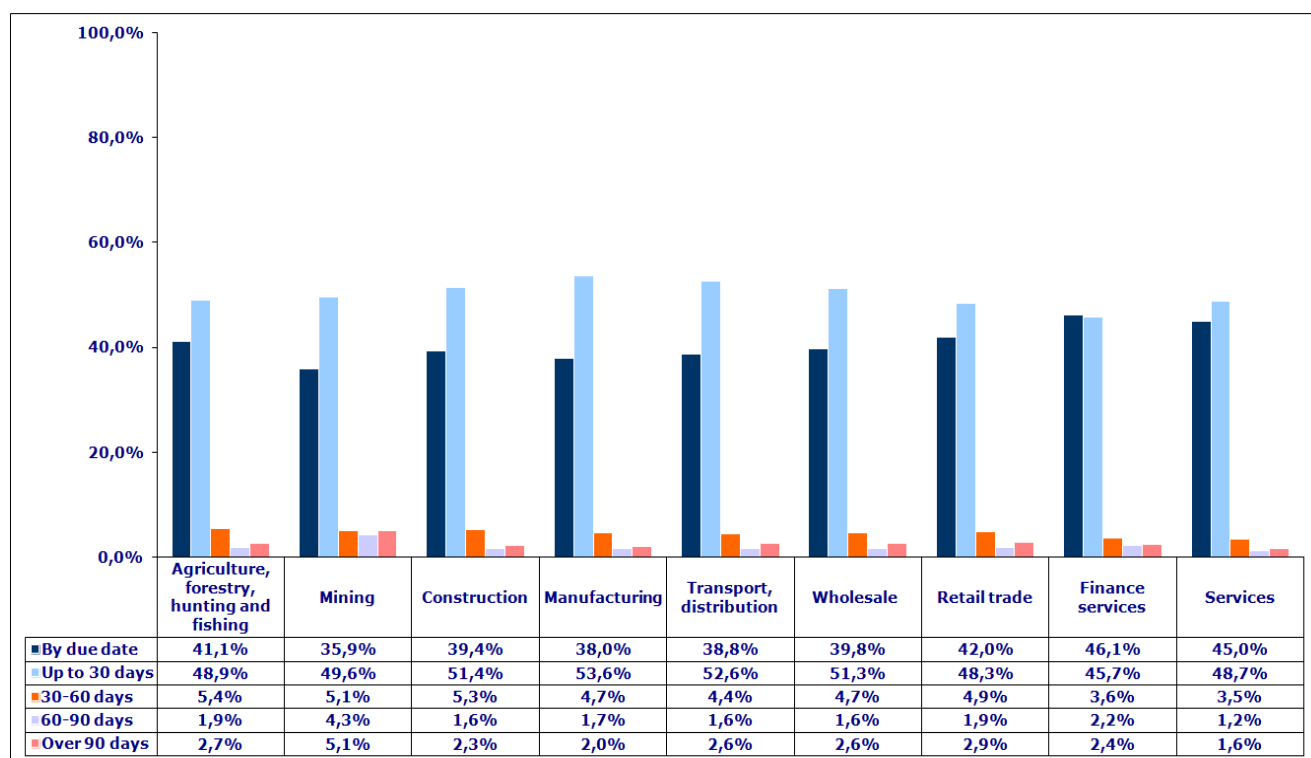


TABLE 15.7 SOURCE: BONITETNA HIŠA I

SECTORS WITH THE BEST PAYMENT RECORDS IN SLOVENIA, 2013

Sector	Ranking 2013
HOLDING AND OTHER INVESTMENT OFFICES	1
INSTRUMENT AND RELATED PRODUCTS	2
ENGINEERING AND MANAGEMENT SERVICES	3
INSURANCE AGENTS, BROKERS AND SERVICES	4
AMUSEMENT AND RECREATION SERVICES	5
ELECTRIC, GAS AND SANITARY SERVICES	6
BUSINESS SERVICES	7
EATING AND DRINKING PLACES	8
HEALTH SERVICES	9
DEPOSITORY INSTITUTION	10

TABLE 15.8 SOURCE: BONITETNA HIŠA I

SECTORS WITH THE WORST PAYMENT RECORDS IN SLOVENIA, 2013

Sector	Ranking 2013
GENERAL MERCHANDISE STORES	56
APPAREL AND OTHER TEXTILE PRODUCTS	55
AGRICULTURAL, PRODUCTION - CROPS	54
MISCELLANEOUS RETAIL	53
PERSONAL SERVICES	52
HEAVY CONSTRUCTION, EXCEPT BUILDING	51
MISCELLANEOUS MANUFACTURING INDUSTRIES	50
PRINTING AND PUBLISHING	49
PAPER AND ALLIED PRODUCTS	48
TRUCKING AND WAREHOUSING	47

16. HUNGARY

Below is the opinion of **Katalin Garami, Product Manager at Bisnode Magyarország**, on the economic scenario and payment situation in Hungary.

"From the data of the cost free Bisnode payment information program based on voluntary affiliation– which processes more than 1,5 million invoices yearly – it seems like that nowadays companies pay their invoices with an average of 28 days payment deadlines. Payment deadline is the number of days marked on the invoice, until which the invoice issuing company is willing to wait for the incoming money. This number minimally, but decreased in the past year, as in 2012 companies paid for more than 29 days.

The longest payment deadlines can be expected at the computer or electronic companies, optical product manufactures, in the paper and construction industry, where an average of 40-50 days invoice payment deadline can be counted on.

Although only moderately, but both the average payment deadline and the average delay decreased in the last period. Companies pay a lot higher percentage of the invoices within deadline, which is also good news. Based on this we can say that there is an improvement in the companies' paying moral.

At the moment companies working in education, information and communication are the most overdue with paying their debts, but there is a huge delay in the paper industry as well.

The bankruptcy-threatened construction industry is "only" the ninth on the list of the latest paying industries.

Give grounds for optimism that companies' invoice-paying discipline is improving. One should not forget that unfortunately the improvement is very small, and the invoice payment delay and deadline is still very high, as nowadays in Hungary companies have to wait an average of 49 days to get their money. During this time an event can occur that affects the paying capacity of the client, therefore it is not enough to test the reliability of the partner before signing the contract, but it needs to be monitored continuously. In case an event occurs that indicates the decrease of paying capacity, it's worth to start recollecting the money on time."

Payment analysis

It is possible to see an improvement, compared to 2012, for Hungary. At the end of 2013, 51,4% of Hungarian companies paid suppliers on time, which is an improvement on the performance seen in recent years (+13,4 percentage points compared to the European average), meanwhile, the share of "bad payers" (over 90 days on average) is 0,9%, 3 percentage point below the European average.

As regard the variations recorded in recent years, compared with 2009, there has been a clear increase in "good payers" of 15,1 percentage points, and at the same time a 13,8% reduction in companies making moderately late payments ("Up to 90 days").

The share of punctual payments, on the other hand, has increased by 7,9% compared with 2012, which has been totally absorbed by the intermediate and serious late payments classes.

Micro companies have a higher concentration in the punctual payers category (55%), while the situation is more problematic for Small and Large companies for which less than 44,5% of the total are in this class.

In the intermediate late payment class (between 30 and 90 days on average) there are more contained differences between the four categories analyzed.

Late payments of over 90 days account for 1,4% of Micro companies. The percentages of Small, Medium and Large companies in the more serious late payment class do not exceed one percentage point.

It is possible to see a general uniformity in payment behavior in relation to sectors analyzed.

Services and Agriculture, forestry, hunting and fishing have the best payment performances, with more than 56% of punctual payers.

A large part of Hungarian companies are in the "Up to 30 days" class, with values varying between 38,8% for Services and 48% for the Manufacturing sector.

For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Manufacturing group with 5,7% of the sample.

Furthermore, 1,7% of companies included in the Construction sector pay their suppliers seriously late (over 90 days on average), which together with the Finance services (1,3%) have the worst payment performance.

Considering the micro-sectors that show the best performance of payment, in first place we find Health services, with 78,7% of punctual payers, followed by Communications with around 65%.

On the other hand, in relation to serious late payments, the Printing and publishing sector is the worst, where 2,8% of companies pay more than 90 days late. Second position in the ranking of worst sectors is Heavy construction, except building, again with almost 2% in this payment class.

The payment situation described for Hungarian companies shows a somewhat consistent trend with the average levels observed in the European context and a pattern of improvement in punctual payments.

TABLE 16.1 SOURCE: BISNODE MAGYARORSZÁG

PERCENTAGE OF COMPANIES IN HUNGARY WITH ON TIME PAYMENTS, 2009-2013

	2009	2012	2013
Hungary	36,3%	43,5%	51,4%
Europe	39,4%	39,1%	38,0%

TABLE 16.2 SOURCE: BISNODE MAGYARORSZÁG

PERCENTAGE OF COMPANIES IN HUNGARY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2009-2013

	2009	2012	2013
Hungary	2,2%	2,3%	0,9%
Europe	5,8%	3,3%	3,9%

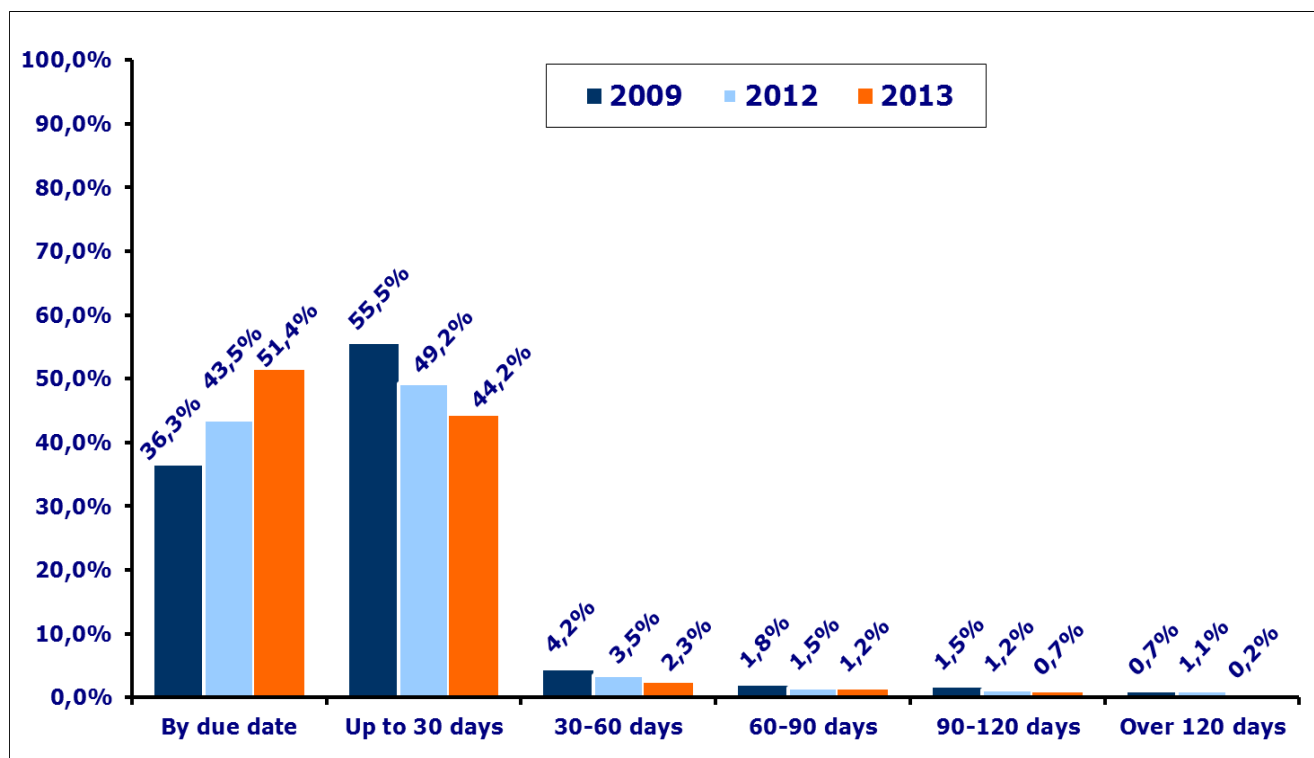
TABLE 16.3 SOURCE: BISNODE MAGYARORSZÁG

VARIATIONS IN PAYMENT PRACTICES IN HUNGARY, 2009-2013

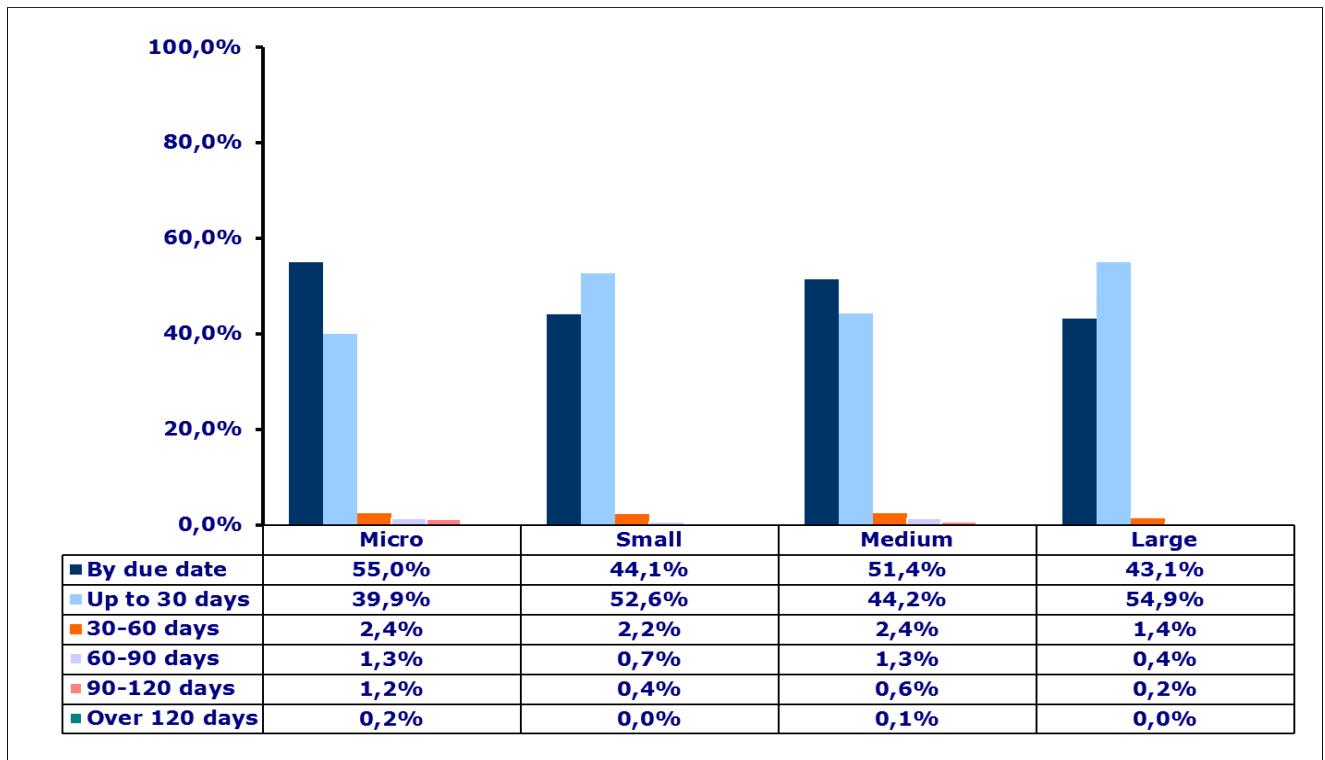
	Variation 2009/2013	Variation 2012/2013
By due date	15,1%	7,9%
Up to 90 days	-13,8%	-6,5%
Over 90 days	-1,3%	-1,4%

GRAPH 16.4 SOURCE: BISNODE MAGYARORSZÁG

PAYMENT PRACTICES IN HUNGARY BY PAYMENT CLASS, 2009-2013



PAYMENT PRACTICES IN HUNGARY BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN HUNGARY BY PRODUCT SECTOR, 2013

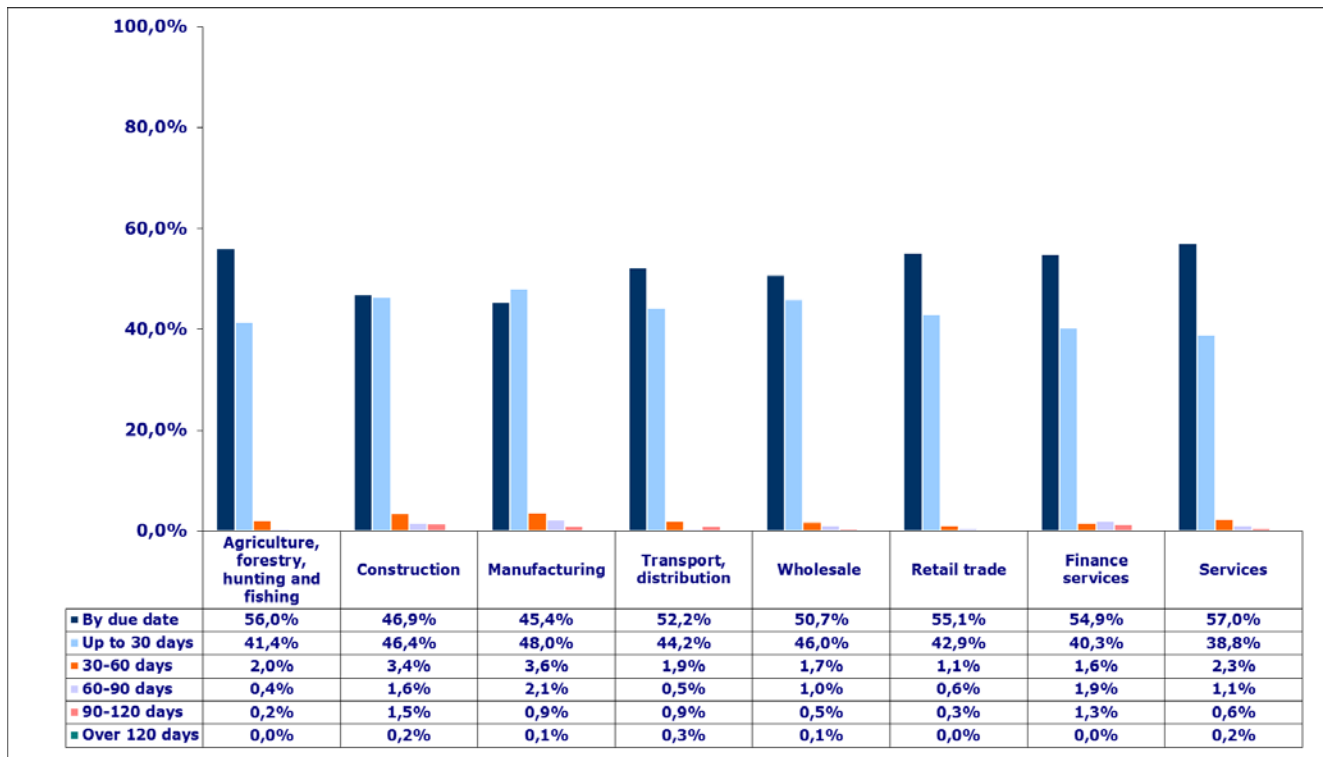


TABLE 16.7 SOURCE: BISNODE MAGYARORSZÁG

SECTORS WITH THE BEST PAYMENT RECORDS IN HUNGARY, 2013

Sector	Ranking 2013
HEALTH SERVICES	1
COMMUNICATIONS	2
AGRICULTURAL, PRODUCTION - CROPS	3
ENGINEERING ANDMANAGEMENT SERVICES	4
MISCELLANEOUS RETAIL	5
AGRICULTURAL SERVICES	6
AUTOMOTIVE DEALERS AND SERVICE STATIONS	7
GENERAL MERCHANDISE STORES	8
MISCELLANEOUS REPAIR SERVICES	9
BUILDING MATERIALS AND GARDEN SUPPLIES	10

TABLE 16.8 SOURCE: BISNODE MAGYARORSZÁG

SECTORS WITH THE WORST PAYMENT RECORDS IN HUNGARY, 2013

Sector	Ranking 2013
PRINTING AND PUBLISHING	41
HEAVY CONSTRUCTION, EXCEPT BUILDING	40
GENERAL BUILDING CONTRACTORS	39
REAL ESTATE	38
AUTO REPAIR, SERVICES AND PARKING	37
SPECIAL TRADE CONTRACTORS	36
TRANSPORTATION SERVICES	35
TRUCKING AND WAREHOUSING	34
PAPER AND ALLIED PRODUCTS	33
ELECTRONIC AND OTHER ELECTRIC EQUIPMENT	32

17. POLAND

Below is the opinion of **Tomasz Starzyk**, PR Manager at **Bisnode D&B Poland**, on the economic scenario and payment situation in Poland.

"Polish companies are doing well, improving their financial standing since last year. In Poland, the most dynamic companies of the crisis came from small and medium sized businesses. Improvement could be seen primarily in company flexibility, a rapid response to change, accurate management decisions and a good macroeconomic environment of the country itself.

All indications are that large Polish companies have coped well with the recession in the market. Financial data show that companies have for several years been systematically putting funds in their savings accounts. Saving tried to wait out tough times. Unfortunately, at the expense of investment and innovation in new technologies and products. Not infrequently, also looking for additional savings in salary for employees.

A striking fact is that Polish businesses have managed to maintain existing employment levels, and unemployment has not grown as dramatically as in other European countries.

Payment terms granted in Poland vary, especially in terms of individual industries and geographical area. However, the most common payment terms are beyond 30 days, less 21 days. Using this approach allows payment to be made on a monthly basis. Payment terms are a key part of business credit negotiations. Longer terms are subject to the functioning of the market. From a lender perspective, however, it is most important to ensure that repayment terms are met, which in turn will help maintain liquidity.

It is true that many Polish businesses do not pay invoices on time. In this way the credits to their activities. They are basically getting free loans from their contractors. What's more, this situation of backing up payments can even earn money by placing the money that should be used to pay bills in an interest-bearing account.

Many Polish businesses have begun to use business intelligence, monitoring the financial status of their customers. Closely related to this is the growing awareness of business intelligence services as well as insurance and factoring. Unfortunately, still too many businesses in Poland are not paying their contractors, defending themselves against loss of liquidity caused by the congestion payment of weapons."

Payment analysis

Following the negative signs registered in 2012, payment habits in Poland shown a slight improvement in the last twelve months.

Companies that respect agreed terms at the end of 2013 represent 30,5% of the total, with an increase of 6,8% compared to 2012, but 7,5 percentage points less than European average.

There has been a slight improvement in terms of very serious late payments (over 90 days on average): the concentration of companies has decreased of 1,7% in this class, but the gap with the European level remains significant (+6,9%).

The "Up to 30 days" class had a concentration of 53,5% in 2013 and the intermediate late payment classes (between 30 and 90 days on average) have an overall percentage of 5,2. Compared with 2008, the percentage of companies that pay on time has decreased by 16,5 percentage points, with an increase of 12,7% in the "Up to 90 days" class and of 3,6% in the share of "bad payers".

If we consider the payment practices of Polish companies in relation to company size, the highest concentration of punctual companies is observed for Medium companies with 32,6% of the total. However, there is a greater tendency to pay moderately late, limited to 30 days on average (values vary between 50,4% for Micro companies and 66,6% for Large companies).

Micro companies have greater issues in relation to the intermediate late payment classes ("30-60 days" and "60-90 days") and serious late payment class.

In fact, for companies with less than 6 employees, late payments of between 30 and 90 days on average account for 6,3% of the total, meanwhile late payments of over 90 days account for 13% of the total. The best performance is seen for Large companies with a level almost of 1% of late payments.

The Construction and Service sectors stand out with the highest concentrations, although modest, in the by due date payment class, with 36,5% and 33,9%, respectively.

A large part of Polish companies are in the "Up to 30 days" class, with values varying between 44% for Mining and 64,7% for the Retail trade sector.

On the other hand, in the intermediate late payment class, the sectors Agriculture, forestry, hunting and fishing and Transport and distribution have the highest concentrations (over 9%).

Finally, the worst performances in the serious late payment classes (over 90 days on average) were seen in the Mining and Transport, distribution sectors with levels of 18% and over in this bracket.

Among the best micro-sectors are Educational service and Instrumental and related products with 51,7% and 47,3%, respectively, of punctual payments.

The highest level of late payments, on the other hand, relate to the Trucking and warehousing and Transportation service sectors, both with 24% of companies paying more than 90 days late. The remaining micro-sectors listed in Table 17.8 have concentrations greater than 12% in the late payment class being considered.

2013, therefore, confirms a negative situation in payment habits in Poland as evidenced by the low percentage of regular payment and the high proportion of companies paying seriously late.

TABLE 17.1 SOURCE: BISNODE D&B POLAND

PERCENTAGE OF COMPANIES IN POLAND WITH ON TIME PAYMENTS, 2008-2013

	2008	2012	2013
Poland	47,0%	23,7%	30,5%
Europe	40,0%	39,1%	38,0%

TABLE 17.2 SOURCE: BISNODE D&B POLAND

PERCENTAGE OF COMPANIES IN POLAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2008-2013

	2008	2012	2013
Poland	7,2%	12,5%	10,8%
Europe	6,0%	3,3%	3,9%

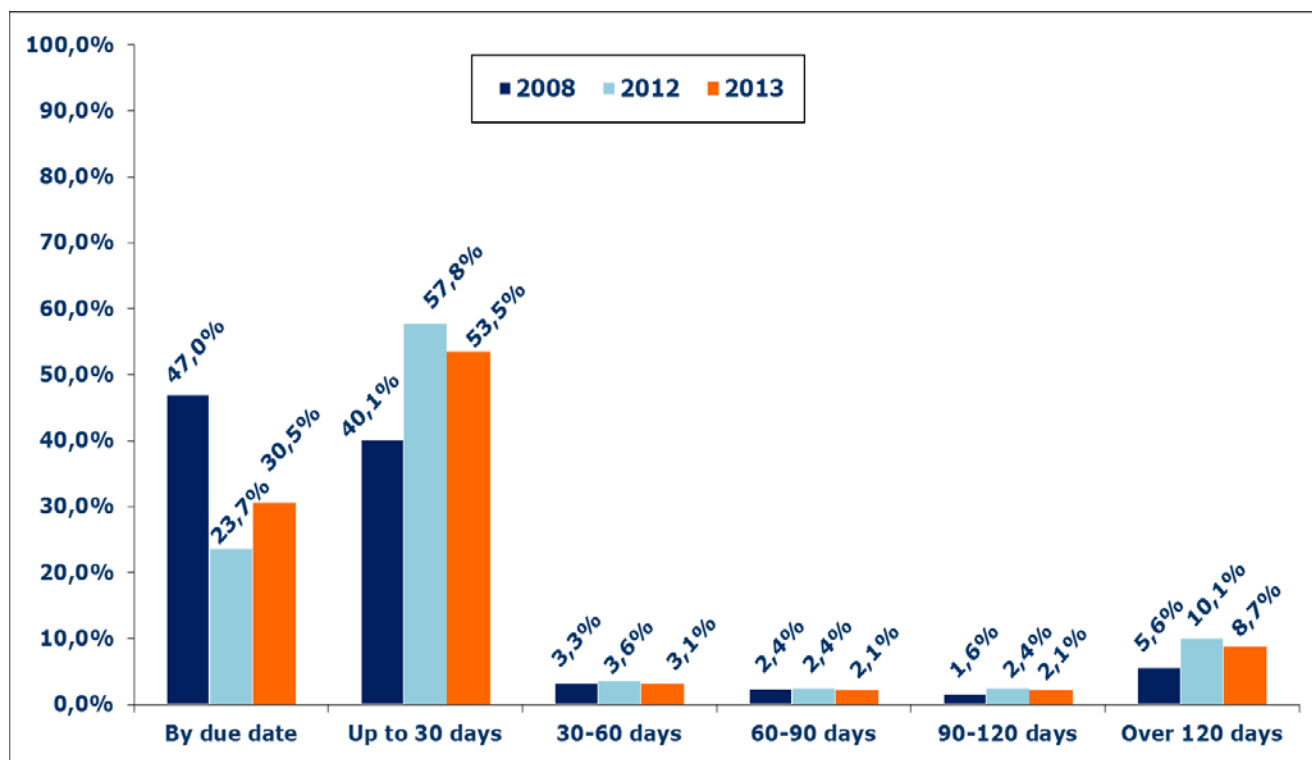
TABLE 17.3 SOURCE: BISNODE D&B POLAND

VARIATIONS IN PAYMENT PRACTICES IN POLAND, 2008-2013

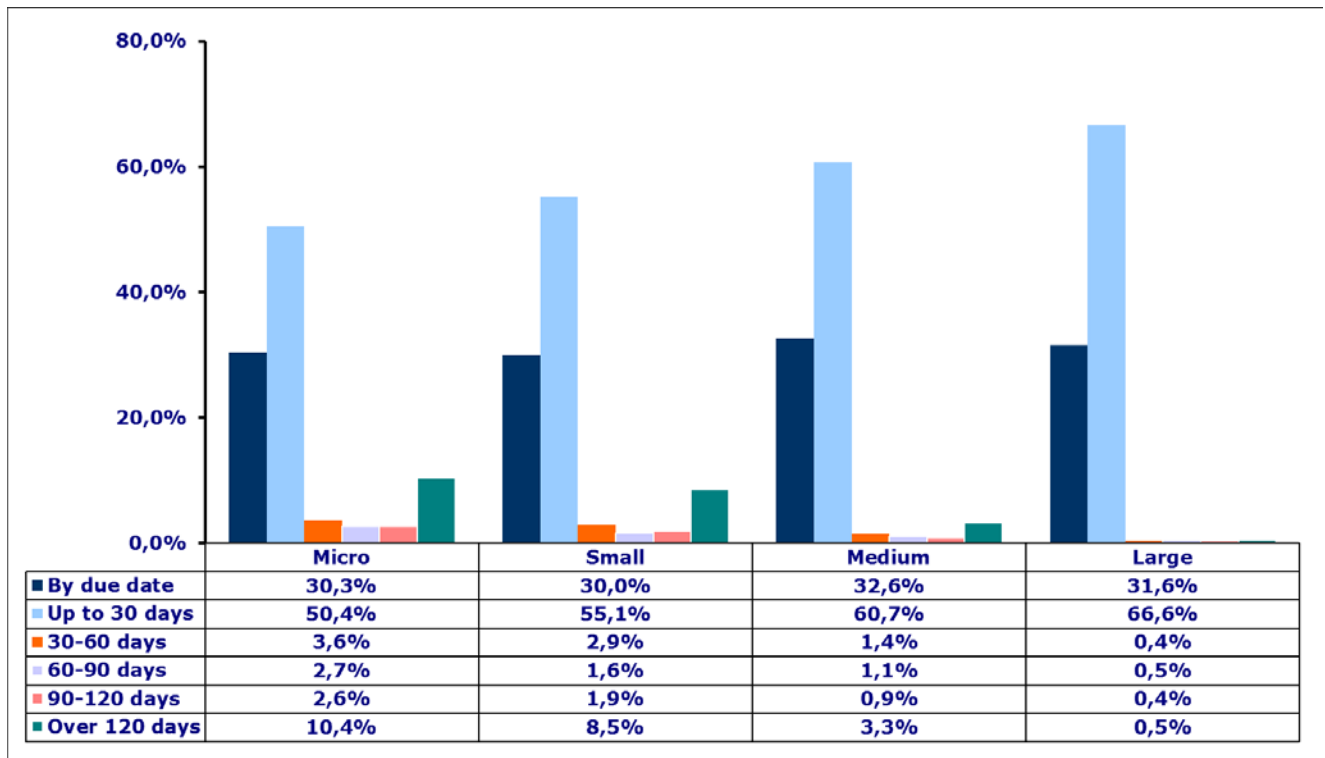
	Variation 2008/2013	Variation 2012/2013
By due date	-16,5%	6,8%
Up to 90 days	12,7%	-5,1%
Over 90 days	3,6%	-1,7%

GRAPH 17.4 SOURCE: BISNODE D&B POLAND

PAYMENT PRACTICES IN POLAND BY PAYMENT CLASS, 2008-2013



PAYMENT PRACTICES IN POLAND BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN POLAND BY PRODUCT SECTOR, 2013

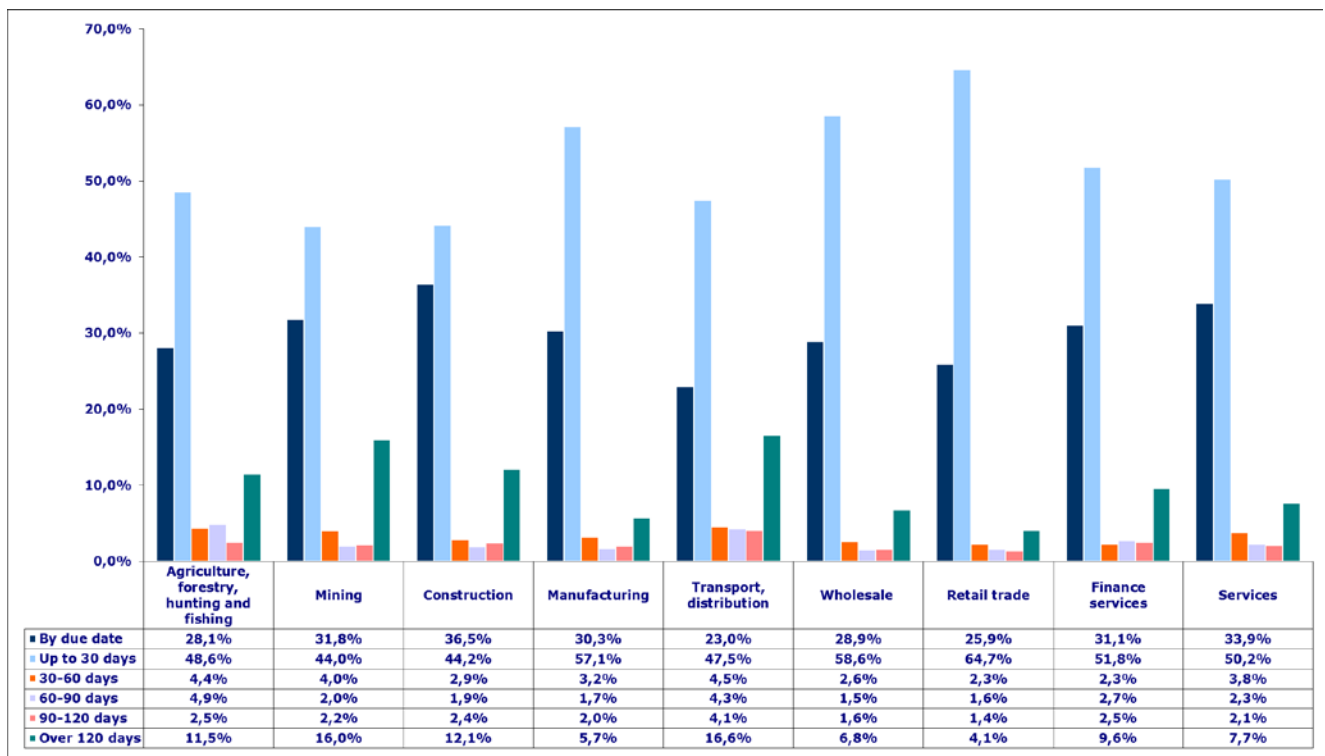


TABLE 17.7 SOURCE: BISNODE D&B POLAND

SECTORS WITH THE BEST PAYMENT RECORDS IN POLAND, 2013

Sector	Ranking 2013
EDUCATIONAL SERVICES	1
INSTRUMENTS AND RELATED PRODUCTS	2
ELECTRIC, GAS AND SANITARY SERVICES	3
MISCELLANEOUS REPAIR SERVICES	4
ELECTRONIC AND OTHER ELECTRIC EQUIPMENT	5
HEALTH SERVICES	6
HEAVY CONSTRUCTION, EXCEPT BUILDING	7
SPECIAL TRADE CONTRACTORS	8
HOTELS AND OTHER LODGING PLACES	9
FURNITURE AND HOMEFURNISHINGS STORES	10

TABLE 17.8 SOURCE: BISNODE D&B POLAND

SECTORS WITH THE WORST PAYMENT RECORDS IN POLAND, 2013

Sector	Ranking 2013
TRUCKING AND WAREHOUSING	45
TRANSPORTATION SERVICES	44
GENERAL BUILDING CONTRACTORS	43
OIL AND GAS EXTRACTION	42
SERVICES	41
SECURITY AND COMMODITY BROKERS	40
EATING AND DRINKING PLACES	39
LUMBER AND WOOD PRODUCTS	38
AUTO REPAIR, SERVICES AND PARKING	37
PERSONAL SERVICES	36

18. CZECH REPUBLIC

Below is the opinion of **Petra Horáková, Trade & Data Hunting Manager at Bisnode D&B Czech and Slovak Republic s.r.o.**, on the economic scenario and payment situation in Czech Republic.

"Growth of GDP in the Czech Republic peaked in 2006, on the level of 7%. Subsequently, there was a slower increase merely of 5,7% in 2007 and 3,1% in 2008, after a drop of 4,5% in 2009 a gradual revival of 2,5% in 2010 and 1,8% in 2011 happened. Unfortunately we experienced a decrease again, by 1% in 2012 and 2013 as well. An increase by 1,3% is expected due to the forecast of Ministry of Finance.

The development of GDP in 2012 a 2013 was affected by: extremely weak consumer demand, companies capital expenditure reduction, industrial output decrease by 1,2% (after a strong 6,9% growth in 2011 and 10,2% in 2010), VAT rate increase in both years, reduced economy confidence and weakness of the consumer and construction business. The surplus in foreign trade is no longer able to compensate the fall in domestic consumption. GDP for 2013 is expected by 1,3% drop down year to year.

The Czech economy is highly open and dependent on foreign demand. Foreign trade from January to October 2013 resulted in a surplus of CZK 306.5 billion (an annual increase of 39.9 billion). Annual export grew by 0,8% and import dropped by 0,8%. The key outputs are machinery, transport equipment and industrial consumption goods. Most of the goods and services are to EU countries, mainly to Germany (30% of export). There is a moderate risk of weakening EU demand and therefore the cooperation with Russia is becoming more important, the amount traded increased by about one third a year.

The Czech Republic is the target of high volume foreign direct investments. Due to privatization in 2005, the Czech Republic received more than 279 billion CZK of investment. A significant drop occurred in 2009 due to the economic crisis and investments decreased to 55.8 billion CZK. Again in 2010, there were a strong capital inflow up to the level of 117.3 billion CZK and reduce to 41 billion CZK in 2011. In 2012 foreign direct investments accelerated to the level of 207.4 billion CZK due to reinvested profits, capital increases and the amendment to the Act on Investment Incentives came in force in mid-year. External debt of the Czech republic economy in 2012 amounted to 50,5% of GDP and is predicted 53% and 52% for the years 2013 and 2014.

Average exchange rate in 2009 was 26.45 CZK / EUR (19.06 CZK / USD), 25.29 (19.11) in 2010, 24.59 (17.69) in 2011 and 25.14 (19.58) in 2012. In 2012 The Czech crown currency weakened about 2,2% year on year average and in the first half of 2013 further by 2,1%. In the second half of 2013 the crown started to strengthen. On 7 November 2013 the Czech National Bank made penetrative intervention by purchasing euro amount worth at least two billion. It led to an immediate depreciation of the crown (exchange rate increased from 25.79 CZK/EUR to 26.97 CZK/EUR. The CNB tried to prevent deflation and start a boost of domestic consumption. For 2013 and 2014 we predict an average rate of 25.8 CZK/EUR (19.6 CZK/USD) and 25.8 CZK/EUR (19.9 CZK/USD).

Inflation in the Czech Republic has been relatively stable since 2002. The exception became in 2008 growth up to 6,3% due to the sharp increase in commodity prices on world markets, changes in taxes (VAT rate increase from 5 to 9% at a reduced rate). Since 2009, the annual inflation has grown from 1 to 3,3%. In 2013 inflation is expected below the level of 1%. CNB tries to intervene by weakening exchange rate to keep the level at 2%.

The number of people out of work in the Czech Republic is below the long term average of EU member states. In November 2013 unemployment reached 7% that's about 0,2% improvement compared to the same period last year. The average unemployment for 2013 is anticipated at 7,1%. Long-term margin ranges are between 4,5 and 8,2%. The nominal wage approximately corresponds to the evolution of inflation so the real wage indicated negligible change of 0,6% in 2012. While the nominal wage rose during 2013, the real wage dropped about 0,3%. Top fields are banking, insurance, information and communication services, manufacturing and distribution of electricity, gas and heat. Conversely there are accommodation, catering, administration, agriculture, forestry and fisheries.

Payment behavior corresponds to the economy development. The period involving 2008, 2009 and in some spheres also 2010 was worst due to the global crisis. Significant drop and most fluctuations have occurred in transport and construction field. There is a highly competitive environment and exceptionally long time due invoices. Large number of small and medium-sized players have disappeared. The average payment behavior development has coincided with retail and engineering sector. Above-average values are achieved consistently in health, education and agriculture.

The average payment was overdue for 20 days in 2008, 22 in 2009, 19 in 2010, 14 in 2011, 12 in 2012 and 10 in 2013. In 2014 we expect stabilization and values between 12 and 9 days overdue. Companies gradually use more credit risk management tools, screening and monitoring of trade partners and payment behavior. Despite the awareness of the negative payment history around 47% of commitments were paid before maturity in 2013, another 46% within 30 days after the due date, 4% between 31 to 60 days and 3% with longer delay.

Complex models offer a prediction estimating certain probability whether the companies may get into finance trouble to meet its obligations and usually leading to insolvency proceedings in the next 12 months. The probability is expressed as a percentage and in the Czech Republic 88% of companies have this risk by 3,5%, 8% of the company's risk 3,5-8% and 6% of the company is higher than 8%."

Payment analysis

In 2013, the Czech Republic had a very stable payment system compared with previous year in all of the late payment class analyzed and continues to be a long way off the other countries analyzed in the study.

The percentage of companies that paid their commitments within agreed terms in 2013 was 31%, which is 7 percentage points below the European average.

There was a greater concentration of payments between 1 and 30 days late on average with 62% of the total, while, the intermediate late payment classes remain more or less unchanged compared to the previous twelve months: the "30-60 days" and "60-90 days" classes comprised 5,1% of companies.

If, on the other hand, we consider the share of serious late payments (over 90 days on average), the Czech Republic is in a better position than the European average: "bad payers" represent 1,9% of the total, which is 2 percentage points less than the European figure.

Compared with 2010, the companies that pay suppliers within agreed deadlines has increased by 1,2 percentage points, while the intermediate late payment class has decreased by almost 1,5%. The comparison with 2012 shows very small variations, less than one percentage point.

There are significant differences in the payment practices of companies by company size: Large companies exhibit the best payment behavior with almost 35% of the total paying suppliers within agreed terms.

The lowest percentage of "good payers" relates to Small-sized companies with 29,5%, while 63,4% of companies fall within the "Up to 30 days" late payment class.

In relation to moderate and serious late payments, Large companies show the best performance with the lowest concentration in these classes compared to the other company types: in 1% of cases payments are more than 90 days late on average, while 2,3% of companies pay between 30 and 90 days late on average.

Almost all sectors analyzed in the study tend to manage payments with a delay of between 1 and 30 days on average: in all sectors there was a concentration above 58%.

Construction is the sector with the most critical management of payments: only 26,1% of companies in this sector fall within the "By due date" class, with 3,8% paying more than 90 days late on average.

Services, on the other hand, is the best performing sector on a national level in terms of punctual payments, with around 34,8% of companies that meet their commitments within agreed terms; this is followed by Wholesale with 32,2% of "good payers".

The top position in the classification of the best micro-sector is held by Executive, legislative and general with 62,2% of companies paying within agreed payments terms.

In second and third position are Educational services (59,0%) and Electric, gas and sanitary services (40,9%).

The Heavy construction, except building, on the other hand, has the worst payment record in Czech Republic, with 4,8% of companies paying seriously late (more than 90 days on average), followed by General building contractors (4,5%) and Personal services (3,9%).

TABLE 18.1 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

PERCENTAGE OF COMPANIES IN THE CZECH REPUBLIC WITH ON TIME PAYMENTS, 2010-2013

	2010	2012	2013
Czech Republic	29,8%	30,9%	31,0%
Europe	40,4%	39,1%	38,0%

TABLE 18.2 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

PERCENTAGE OF COMPANIES IN THE CZECH REPUBLIC WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2013

	2010	2012	2013
Czech Republic	1,6%	1,2%	1,9%
Europe	2,9%	3,3%	3,9%

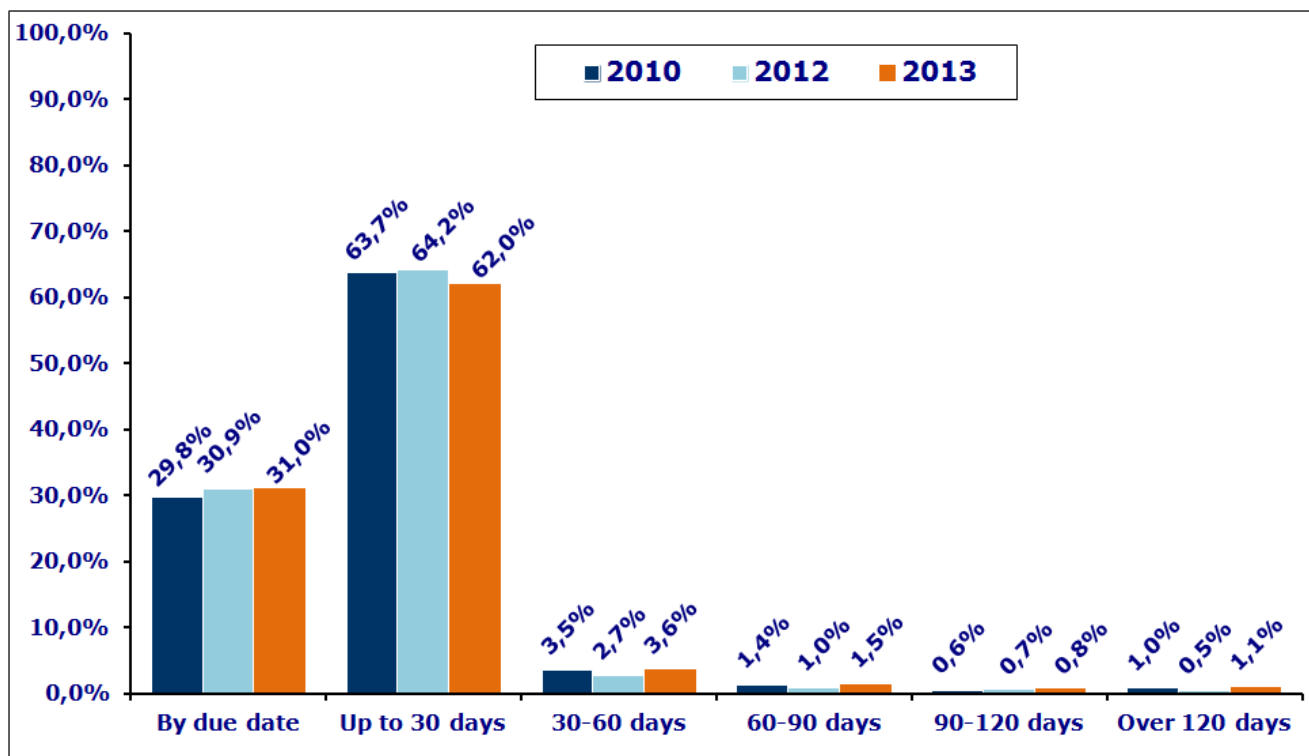
TABLE 18.3 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

VARIATIONS IN PAYMENT PRACTICES IN THE CZECH REPUBLIC, 2010-2013

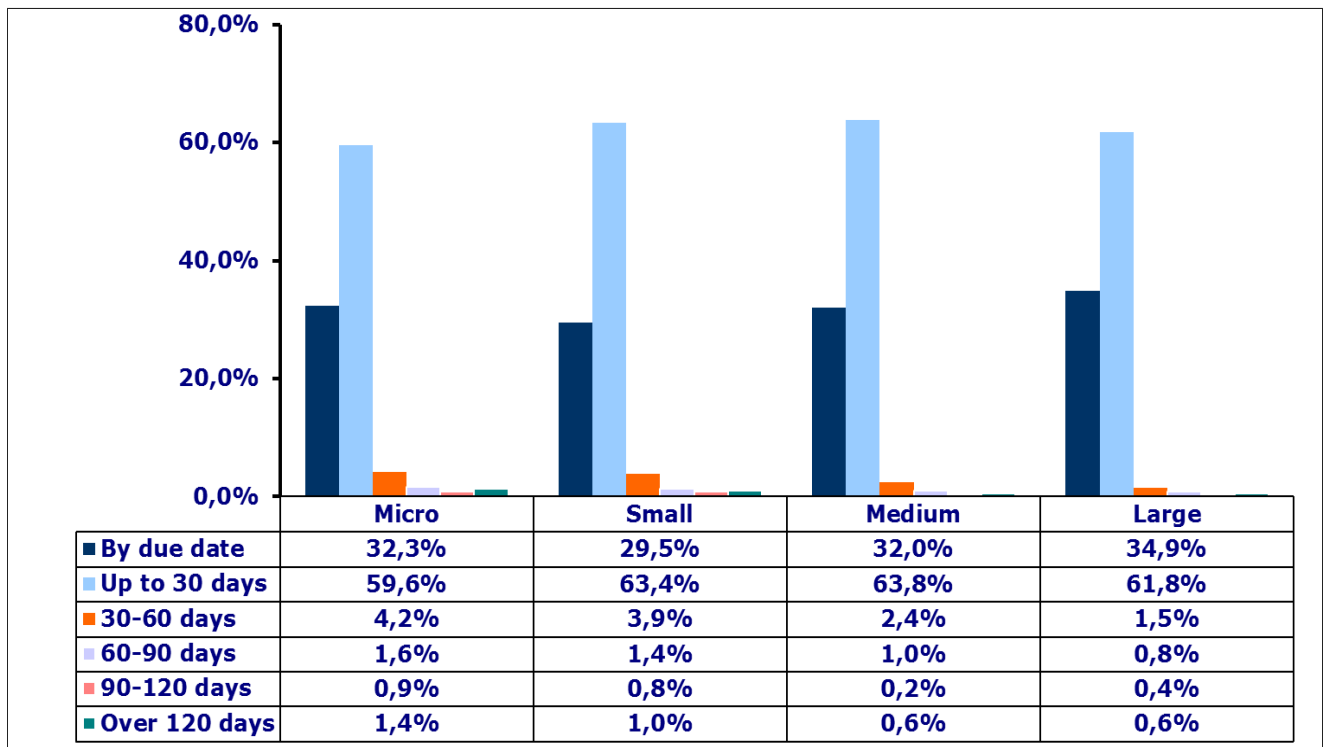
	Variation 2010/2013	Variation 2012/2013
By due date	1,2%	0,1%
Up to 90 days	-1,5%	-0,8%
Over 90 days	0,3%	0,7%

GRAPH 18.4 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

PAYMENT PRACTICES IN THE CZECH REPUBLIC BY PAYMENT CLASS, 2010-2013



PAYMENT PRACTICES IN THE CZECH REPUBLIC BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN THE CZECH REPUBLIC BY PRODUCT SECTOR, 2013

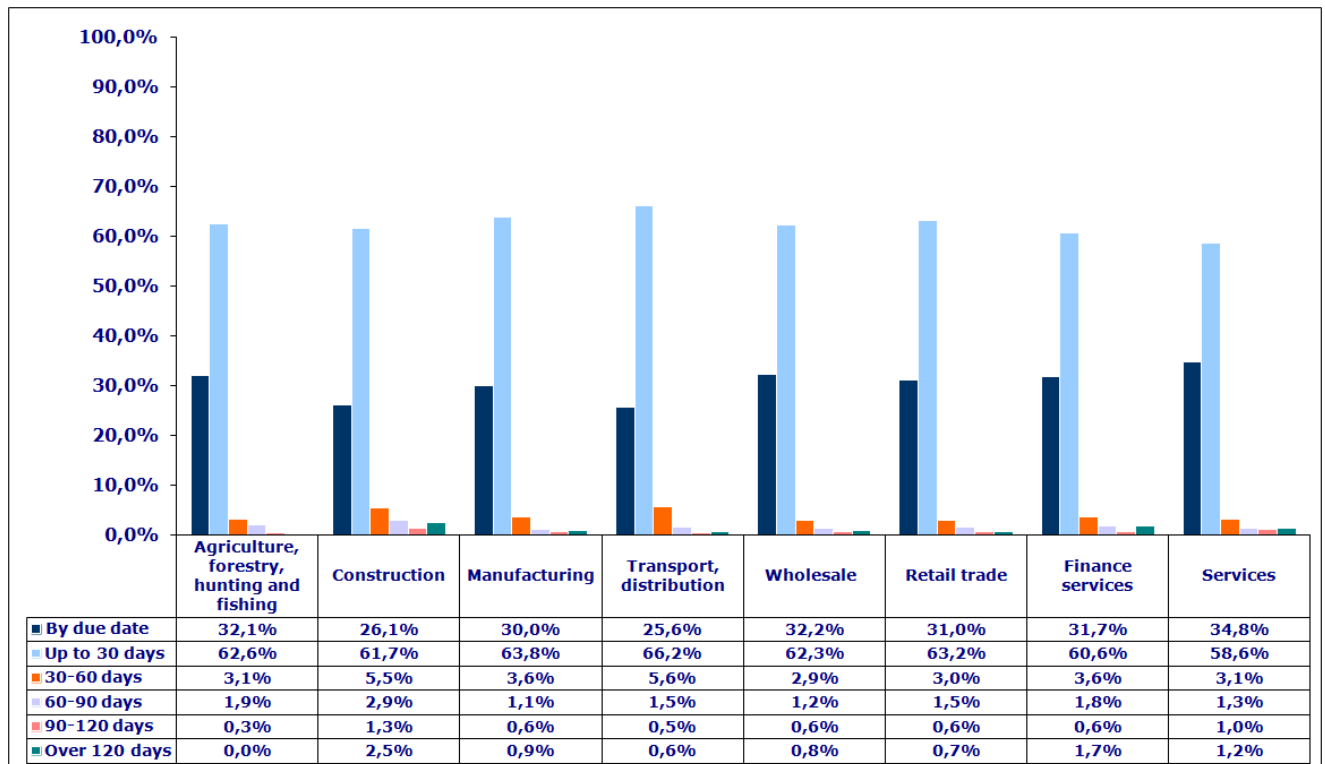


TABLE 18.7 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

SECTORS WITH THE BEST PAYMENT RECORDS IN THE CZECH REPUBLIC, 2013

Sector	Ranking 2013
EXECUTIVE, LEGISLATIVE AND GENERAL	1
EDUCATIONAL SERVICES	2
ELECTRIC, GAS AND SANITARY SERVICES	3
FURNITURE AND HOMEFURNISHINGS STORES	4
MISCELLANEOUS REPAIR SERVICES	5
BUSINESS SERVICES	6
INSTRUMENTS AND RELATED PRODUCTS	7
CHEMICALS AND ALLIED PRODUCTS	8
ELECTRONIC AND OTHER ELECTRIC EQUIPMENT	9
COMMUNICATIONS	10

TABLE 18.8 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

SECTORS WITH THE WORST PAYMENT RECORDS IN THE CZECH REPUBLIC, 2013

Sector	Ranking 2013
HEAVY CONSTRUCTION, EXCEPT BUILDING	45
GENERAL BUILDING CONTRACTORS	44
PERSONAL SERVICES	43
SPECIAL TRADE CONTRACTORS	42
ENGINEERING AND MANAGEMENT SERVICES	41
AMUSEMENT & RECREATION SERVICES	40
REAL ESTATE	39
EATING AND DRINKING PLACES	38
BUILDING MATERIALS AND GARDEN SUPPLIES	37
LUMBER AND WOOD PRODUCTS	36

19. FINLAND

Payment analysis

The Finnish payment system in 2013 identify a trade-off of the healthy state of payment over the previous year.

The percentage of punctual payers in Finland was only 38,1% of the total, meanwhile, the majority of companies tended to pay commercial transactions on average between 1 and 30 days late (60,7%).

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 0,8%, whereas "bad payers" (more than 90 days late on average) represent only 0,4% of the total compared with the European level of 3,9%.

It can be seen that in the last three years payment percentages have undergone a change in trend of payment: the share of "good payers" ("By due date" class) decreased by more than 7 percentage points compared with 2010. There was a reduction of similar size in the intermediate payment class (Up to 90 days), meanwhile in terms of serious late payment (over 90 day on average), these remained stable over time (+0,1%).

The analysis of the payment practices by size identifies a somewhat heterogeneous behavior among the four types.

Micro-companies show the most balanced payment behavior with 40,7% of the total for payments within agreed terms. These are followed by Small companies, for which the percentage in question reaches 31,8%.

The worst performance was seen for Large companies with only 16,6% of the total paying punctually, compared with the national average of 38,1%.

All the company size categories show a widespread tendency to pay on average between 1 and 30 days late. In particular, the figure for the "Up to 30 days" class is over 76,6% for Medium and Large companies.

Intermediate and more serious delays in payment are similar for all the company sizes analyzed, with values of less than a percentage point.

The best performances in terms of punctual payments can be seen in the following sectors: Agriculture, forestry and fishing (72%), Real estate activities (54,4%) and Education (41%). Payment conditions, on the other hand, are problematic in the Accomodation & food service activities sector, in which only 24,6% of companies respect agreed terms.

For all product groups there is a widespread tendency to manage commercial transactions with late payments of between 1 and 30 days late: the share of companies in this category is over 27% in each of the sectors analyzed and reaches the highest value (74%) in the case of Public administration.

In the intermediate late payment classes (30-60 days and 60-90 days) there are very contained concentrations for the whole sample of below 1,8 percentage points, as is the case for the more serious late payments (over 90 days on average).

In particular, Accomodation & food services activities is the sector with the highest share of bad payers (2,4%).

The best performer in Finland is the Real estate activities sector, in which 54,4% of companies pay their trading partners within agreed terms. In second place is the Fishing and aquaculture sector with 51,3% of punctual payments.

The sector with the most problems is Food and beverage service activities for which 2,7% of companies pay seriously late (over 90 days on average). The top three classification of bad payers is completed by the Other personal service activities and Water transport.

In conclusion, compared to 2012, the Finnish payment system show a slight wasting, although the levels of punctual payment are contained and the concentration of serious late payments is low compared to European average.

TABLE 19.1 SOURCE: BISNODE D&B FINLAND

PERCENTAGE OF COMPANIES IN FINLAND WITH ON TIME PAYMENTS, 2010-2013

	2010	2012	2013
Finland	37,0%	45,5%	38,1%
Europe	40,4%	39,1%	38,0%

TABLE 19.2 SOURCE: BISNODE D&B FINLAND

PERCENTAGE OF COMPANIES IN FINLAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2013

	2010	2012	2013
Finland	1,1%	0,3%	0,4%
Europe	2,9%	3,3%	3,9%

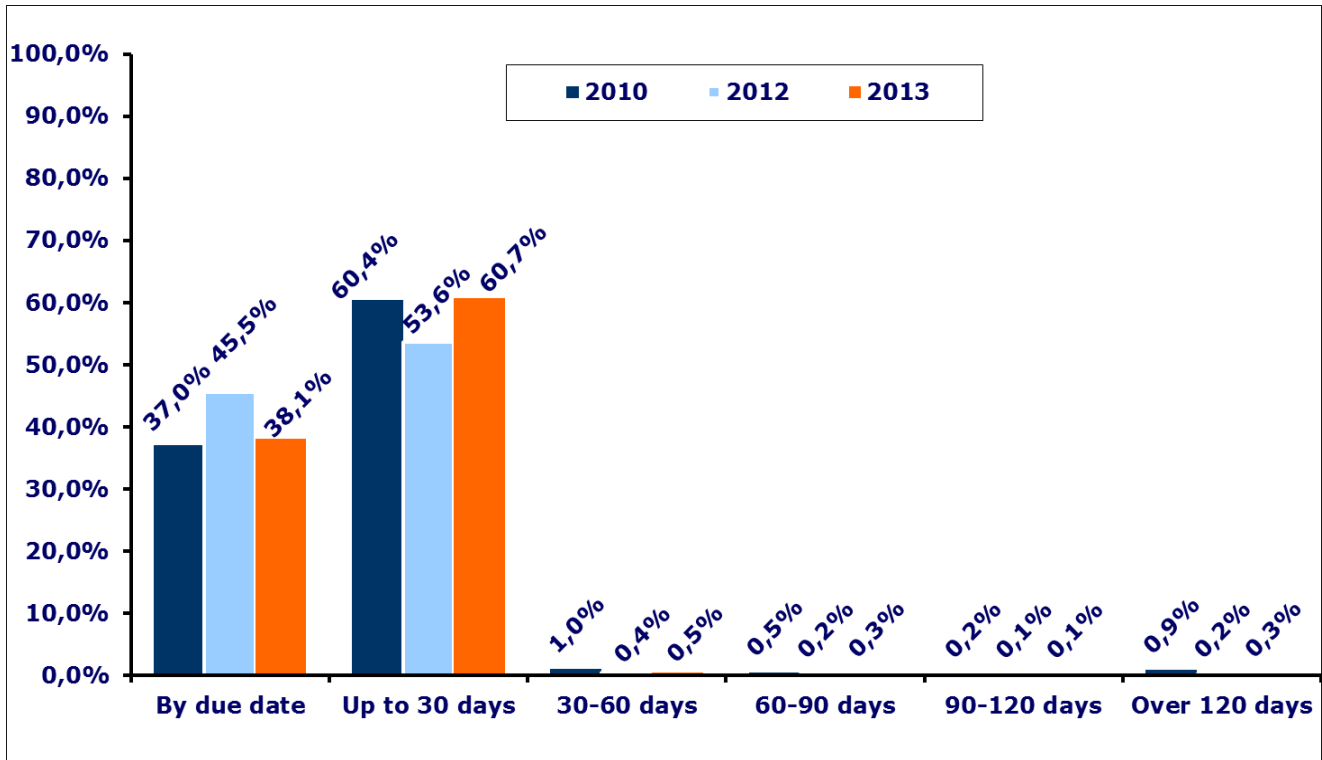
TABLE 19.3 SOURCE: BISNODE D&B FINLAND

VARIATIONS IN PAYMENT PRACTICES IN FINLAND, 2010-2013

	Variation 2010/2013	Variation 2012/2013
By due date	1,1%	-7,4%
Up to 90 days	-0,4%	7,3%
Over 90 days	-0,7%	0,1%

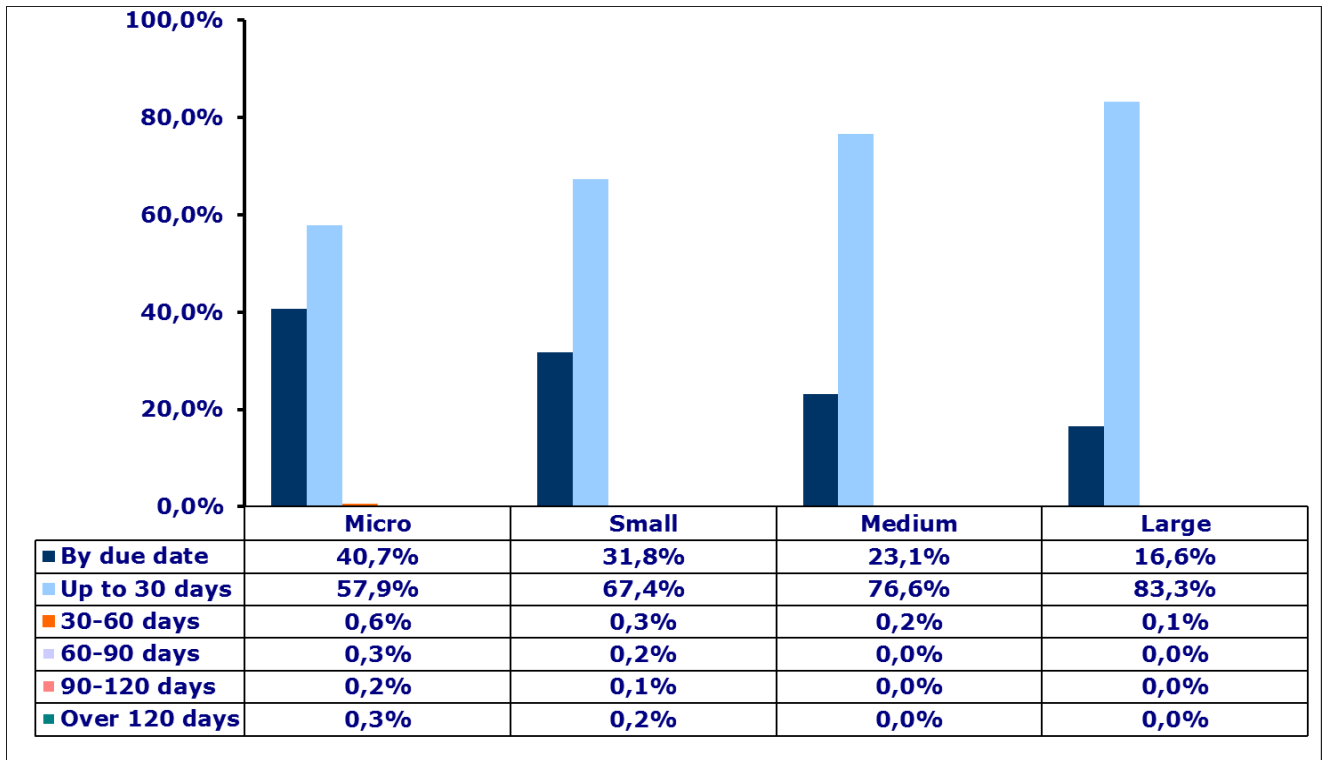
GRAPH 19.4 SOURCE: BISNODE D&B FINLAND

PAYMENT PRACTICES IN FINLAND BY PAYMENT CLASS, 2010-2013

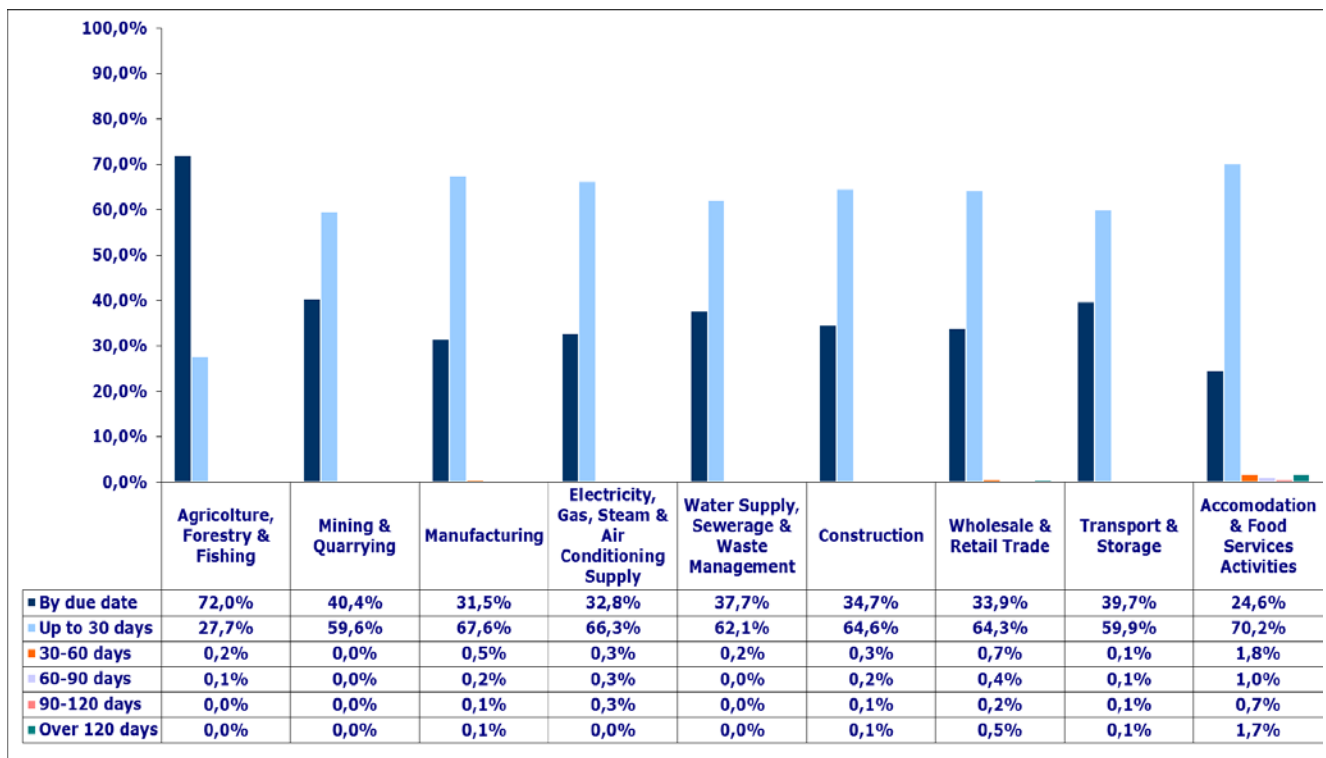


GRAPH 19.5 SOURCE: BISNODE D&B FINLAND

PAYMENT PRACTICES IN FINLAND BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN FINLAND BY PRODUCT SECTOR, 2013



PAYMENT PRACTICES IN FINLAND BY PRODUCT SECTOR, 2013

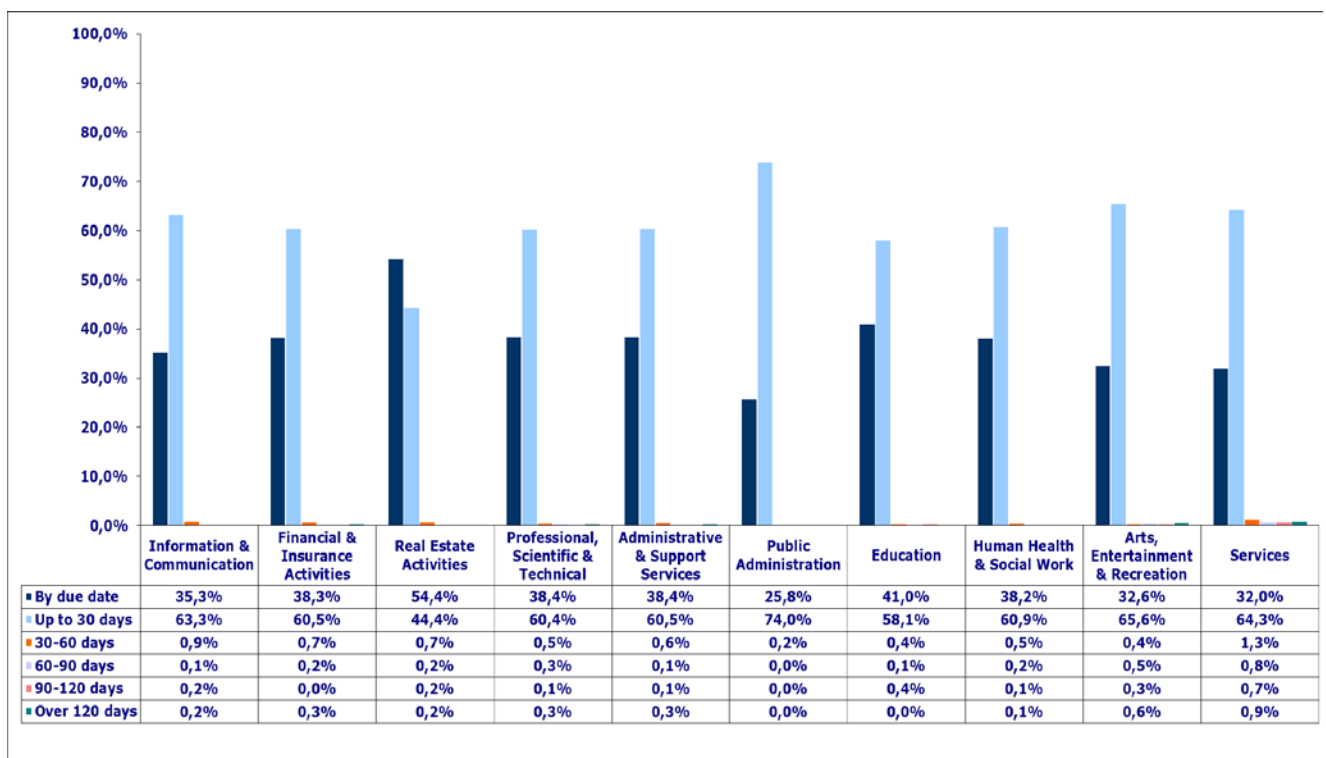


TABLE 19.8 SOURCE: BISNODE D&B FINLAND

SECTORS WITH THE BEST PAYMENT RECORDS IN FINLAND, 2013

Sector	Ranking 2013
REAL ESTATE ACTIVITIES	1
FISHING AND AQUACULTURE	2
LEGAL AND ACCOUNTING ACTIVITIES	3
FORESTRY AND LOGGING	4
POSTAL AND COURIER ACTIVITIES	5
CROP AND ANIMAL PRODUCTION, HUNTING	6
PUBLISHING ACTIVITIES	7
ACTIVITIES OF MEMBERSHIP ORGANIZATIONS	8
WATER COLLECTION, TREATMENT AND SUPPLY	9
WHOLESALE AND RETAIL TRADE AND REPAIR OF MOTOR VEHICLES	10

TABLE 19.9 SOURCE: BISNODE D&B FINLAND

SECTORS WITH THE WORST PAYMENT RECORDS IN FINLAND, 2013

Sector	Ranking 2013
FOOD AND BEVERAGE SERVICE ACTIVITIES	67
OTHER PERSONAL SERVICE ACTIVITIES	66
WATER TRANSPORT	65
MANUFACTURE OF TEXTILES	64
CREATIVE, ARTS AND ENTERTAINMENT ACTIVITIES	63
RETAIL TRADE, EXCEPT OF MOTOR VEHICLES AND MOTORCYCLES	62
OTHER MANUFACTURING	61
ADVERTISING AND MARKET RESEARCH	60
SPORTS ACTIVITIES AND AMUSEMENT AND RECREATION ACTIVITIES	59
REPAIR OF COMPUTER AND PERSONAL AND HOUSEHOLD GOODS	58

20. DENMARK

Below is the opinion of **Sisse Payberg Filskov, Project Manager** at **Bisnode D&B Danmark A/S**, on the economic scenario and payment situation in Denmark.

"The Danish economy has improved moderately during 2013. This is an improvement from 2012, where the economy shrunk by 0,4%. Growth expectation for 2014 is 1,7%, which is slightly above EU average.

The export has improved during 2013, latest with 1,5% in 3rd quarter, and the trade balance is positive. Domestic demand however is still lacking behind, and experienced a small drop of 0,2% in the 3rd quarter of 2013.

The economy growth has still not reached the level before the economic crisis in 2009-2010, and GDP-growth expectations for 2014 are moderate.

The number of bankruptcies dropped during 2013, and the level is close to 2008, before the economic crisis set in. Especially the large sectors, Retail and Wholesale sale, Manufacturing and Construction has had experienced a reduction in the number of bankruptcies in 2013.

In 2013, we saw a general improvement in payments. The share of late payments dropped from 16,7% to 12,4%, corresponding to 26% reduction in late payments.

The credit squeeze that companies experienced during the last couple of years has somewhat been released during 2013, which has helped companies' liquidity. In addition, during the credit squeeze more companies enhanced focus on optimizing their working capital. Applied measures are typically better control of stock, strict debtor control and use of asset backed financing, i.e. leasing and factoring. The effect of these measures can now be seen in a reduction reduced late payments.

Payment terms are typically in the range of 30-60 days, and no major changes have been noticed during 2013. Despite measures by EU to reduce long payment terms, we still see a tendency that small companies are squeezed by the larger ones, as we cf. analysis below see a pattern that large companies are paying less promptly.

When analyzing payment behavior compared to company size, we see a companies in the range from 50-259 employees have the most late payments. The trend has worsened from 2012 as late payments have increased from 16,8% to 20,4%, corresponding to an increase of 21%.

Large companies (+260 employees) remain more likely to make late payments than average. However, the segment has improved its payment behavior, and late payments have dropped from 23,8% to 18,3%, which is reduction of 23%. Small companies (0-5 employees) is the segment with the most timely payments, with only 9,9% late payments.

Looking at different sectors, we see that Mining has a high amount of late payments and the level has been increasing in 2013. Also Public administration and Manufacturing are well above average in regards to late payments. However, whereas payments have only improved slightly in Manufacturing, the number of late payments has dropped by 40% in the public sector.

The sectors with the timeliest payments are Crop and animal production, Electricity, gas etc. and Human health activities. All of the three sectors have shown improved payment behavior in 2013."

Payment analysis

Despite the financial instability that has hit the Euro Zone, the payment performance of Danish companies is characterized by an enviable performance both in terms of punctual payments and serious late payment classes.

Over the course of 2013, punctual payments accounted for 87,6 percentage points, 49,6 percentage points above the European average, which continues to show that a large proportion of companies in Denmark have a balanced behavior when it comes to payments.

In addition, the gap between punctual payers in Denmark and the European average has notably increased compared with previous years.

The increase in "good payers" (+4,3% in the last year) has completely been absorbed by the moderate late payment ("Up to 60 days" class).

The percentage of companies with serious late payments (over 60 days) continues to be among the best on an international level: in fact, the percentage of "bad payers" in Denmark in 2013 was 0,1% of the total, with a difference of 6,5% below the European average.

The most significant changes are seen in relation to 2010: punctual payments have increased by 11,1%, with a corresponding decrease in Danish companies that tend to pay late by between 1 and 60 days on average (-11,0%); the percentage of "bad payers" (over 60 days late on average) remains more or less unchanged over the years, which minimal differences (-0,1%).

The four types of company size examined have very similar percentages, which are not very different from average national levels.

Micro companies have the most balanced payment behavior with 90,1% of companies paying trading partners within agreed terms. The lowest value, on the other hand, was seen for Medium companies, with 79,6% of punctual payers.

In the "Up to 30 days" late payment class, there are values of between 9,8% for Micro companies and 20,3% for Medium companies.

Similar levels are seen in all the other late payment classes, and are quite low for all four of the categories examined (do not exceed 0,2% of the total).

For all macro-sectors there is a widespread tendency to manage commercial transactions with punctual payments: the best performance is seen in Human health activities (95,6%), Crop and animal production, hunting and related service activities (95,5%) and Education (92,5%) sectors. Payment performance, on the other hand, are less positive in the Public administration and defence sector, in which 80,9% of companies respect agreed terms.

The share of companies in the "Up to 30 days" late payment class is over 4% in each of the sectors analyzed and reaches the highest value (18,2%) in the case of Public administration and defence sector.

In the serious late payment classes (over 60 days on average) there are very contained percentages for the whole sample, significantly lower than that seen in other countries.

The analyses confirm the solidity of the Danish payment system, which does not seem to have been affected by the global economic situation, unlike what is seen in other European and international contexts.

TABLE 20.1 SOURCE: BISNODE D&B DANMARK A/S

PERCENTAGE OF COMPANIES IN DENMARK WITH ON TIME PAYMENTS, 2010-2013

	2010	2012	2013
Denmark	76,5%	83,3%	87,6%
Europe	40,4%	39,1%	38,0%

TABLE 20.2 SOURCE: BISNODE D&B DANMARK A/S

PERCENTAGE OF COMPANIES IN DENMARK WITH LATE PAYMENTS OF MORE THAN 60 DAYS, 2010-2012

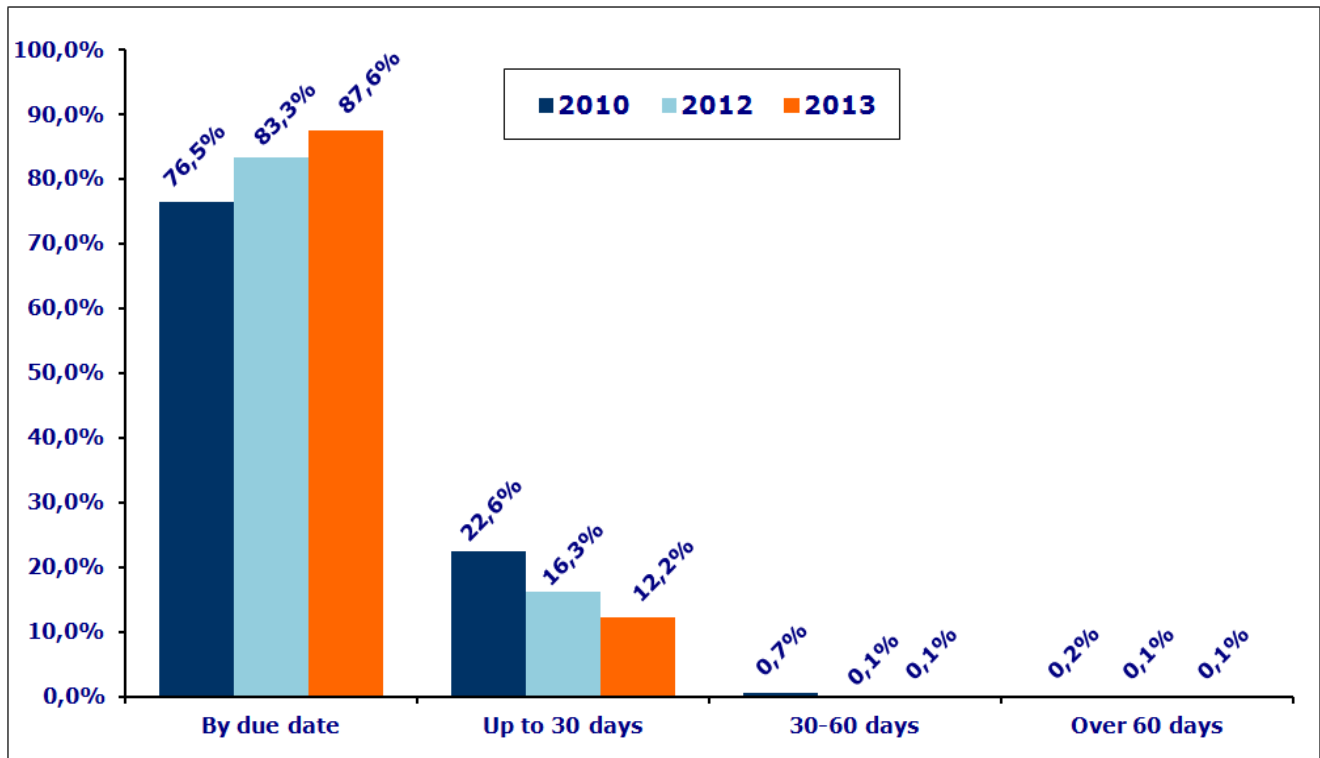
	2010	2012	2013
Denmark	0,2%	0,1%	0,1%
Europe	4,0%	5,7%	6,6%

TABLE 20.3 SOURCE: BISNODE D&B DANMARK A/S

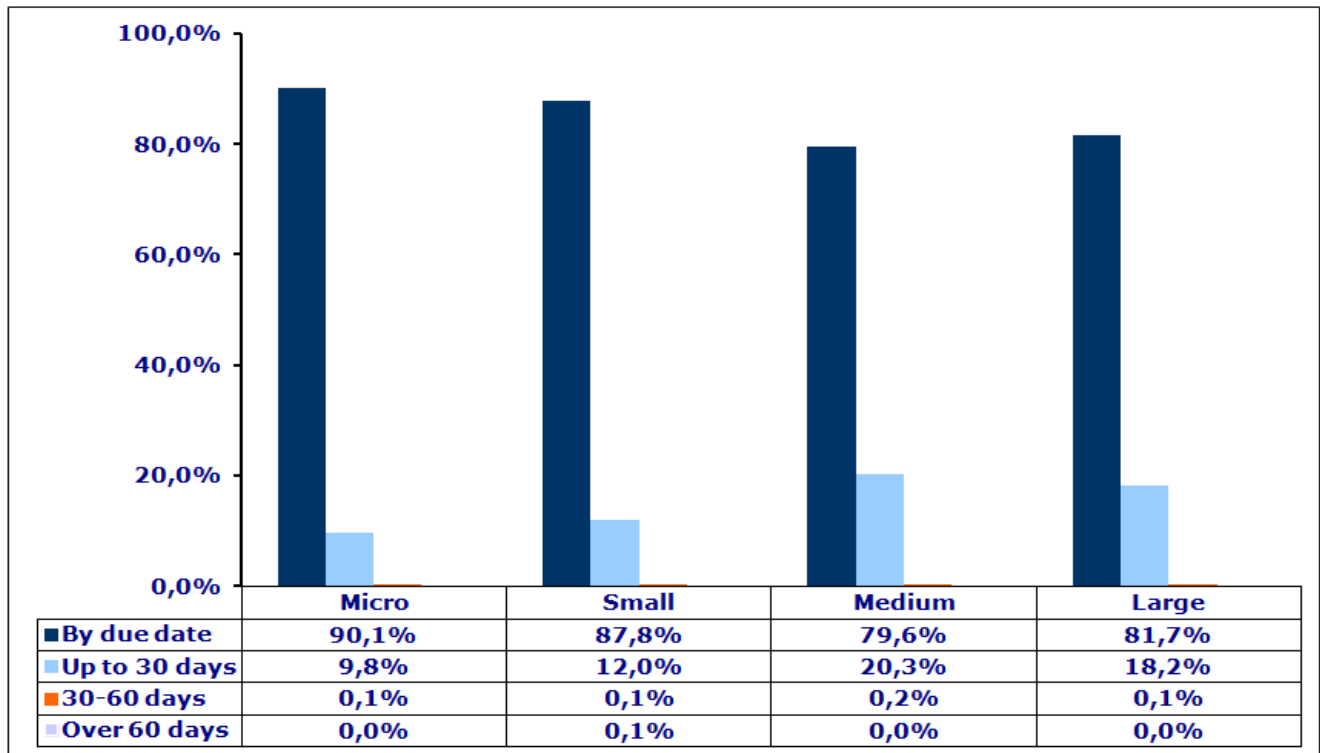
VARIATIONS IN PAYMENT PRACTICES IN DENMARK, 2010-2013

	Variation 2010/2013	Variation 2012/2013
By due date	11,1%	4,3%
Up to 60 days	-11,0%	-4,3%
Over 60 days	-0,1%	0,0%

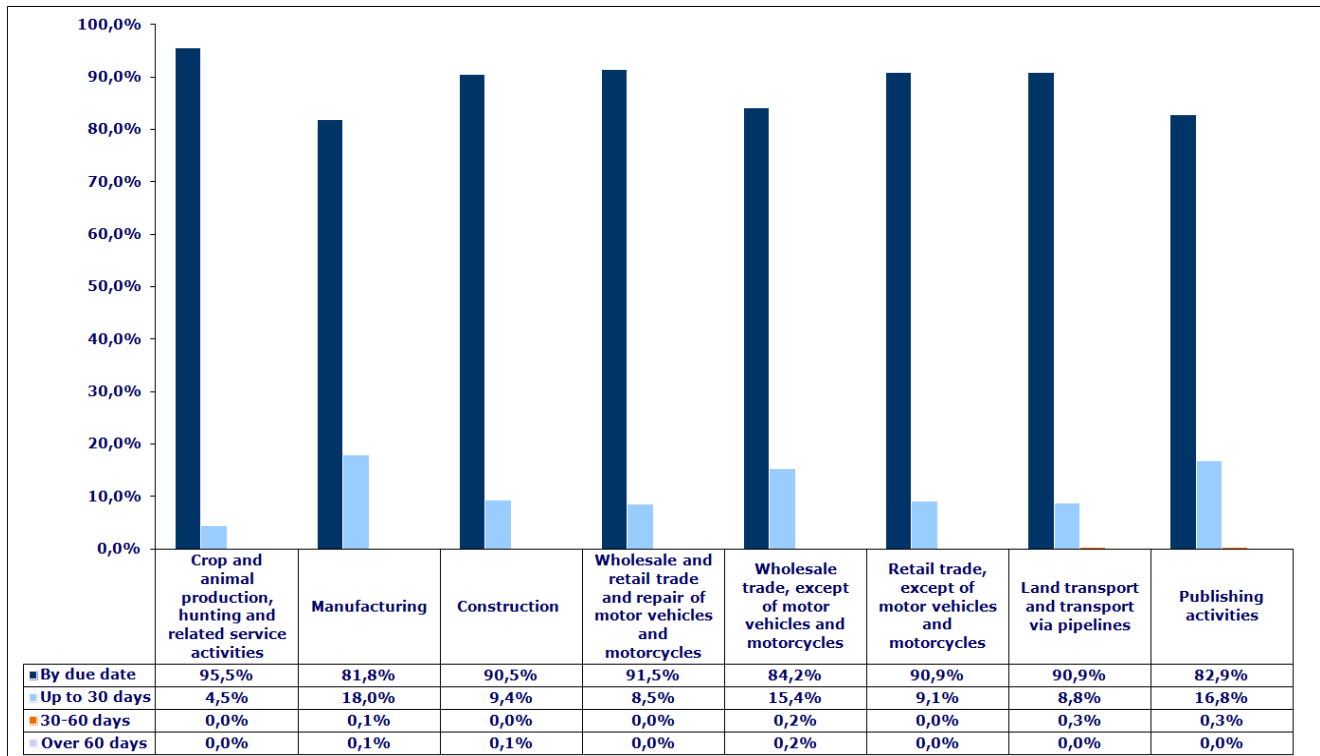
PAYMENT PRACTICES IN DENMARK BY PAYMENT CLASS, 2010-2013



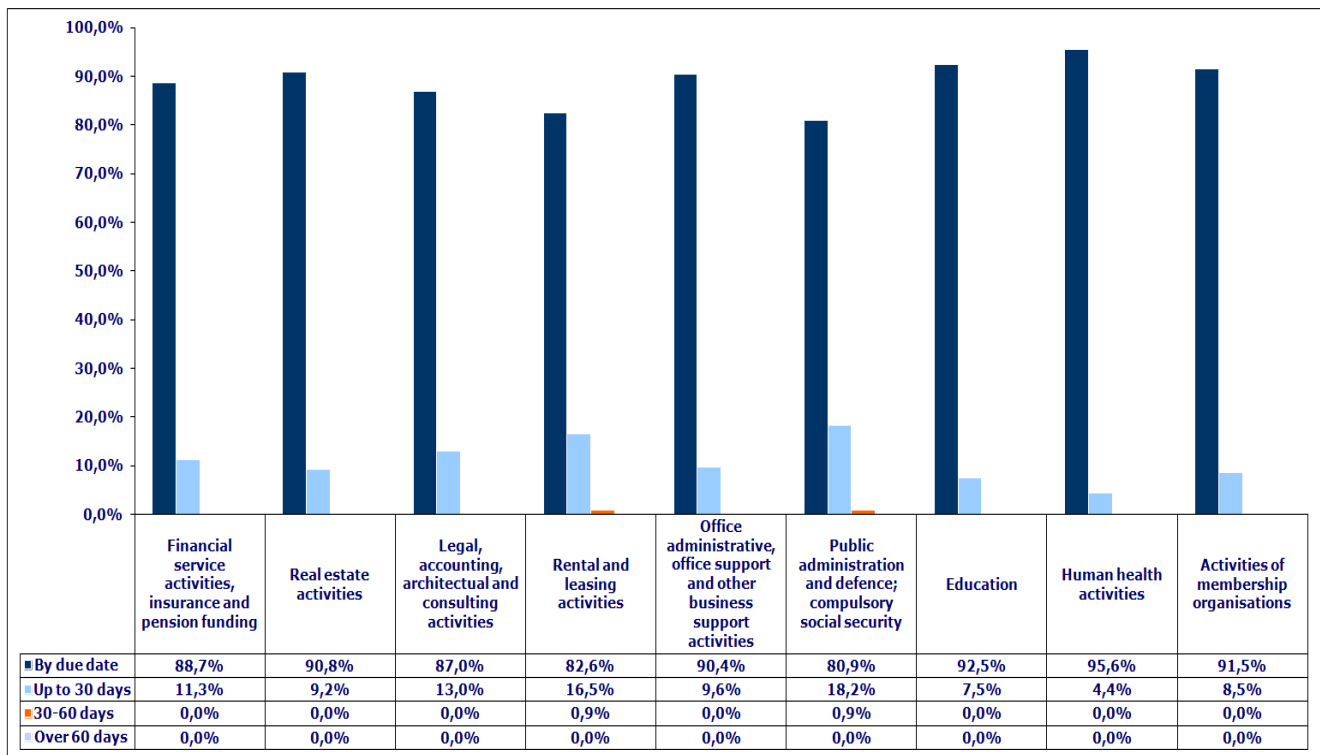
PAYMENT PRACTICES IN DENMARK BY TYPE OF COMPANY, 2013



PAYMENT PRACTICES IN DENMARK BY PRODUCT SECTOR, 2013



PAYMENT PRACTICES IN DENMARK BY PRODUCT SECTOR, 2013



21. RUSSIA

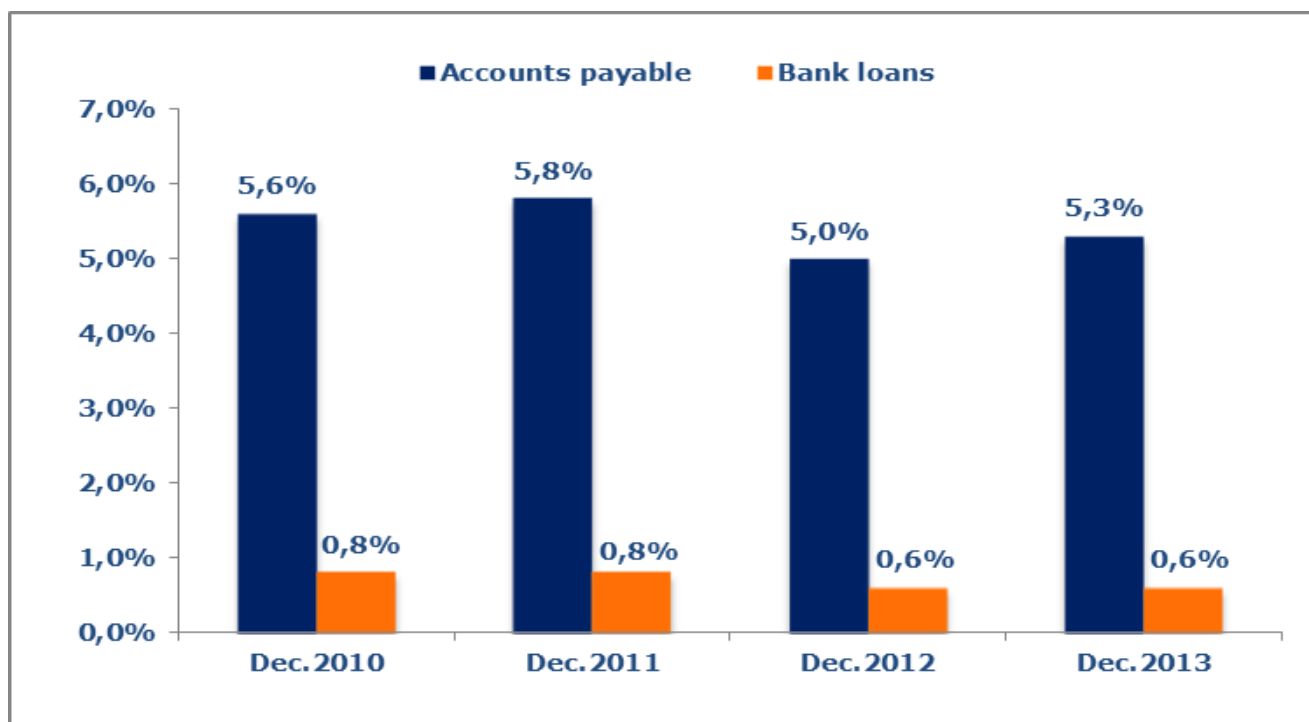
Russia's economic growth slowed down. GDP growth amounted to 1,3% in 2013, from 3,4% in 2012. The Central Bank of Russia expects GDP growth of 1,5%-1,8% in 2014 and 1,7%-2,0% in 2015-2016. In 2014, private consumption which is expected to be up 3,1%-3,3%, will remain the key driver of economic growth. Still, the consumption will be undermined by a slower real income growth which will be partially offset by retail lending. The economy is expected to profit also from a slight resumption of growth in fixed-capital investment (up 1,4%-1,6%). Russian companies have succeeded in maintaining relatively good financial positions although profits were lower in comparison with 2012. The total amount of operating profit in Russia exceeded operating losses by RuB 6,6661 bn (US\$209.3 bn) in 2013, down by 12,8% against the same period a year ago. Share of profitable companies was also down to 73,2% last year against 74,1% in 2012. Still, all key sectors and industries remain profitable on the whole ensuring a relatively stable payment situation and falling bankruptcy figures. Number of bankruptcies in Russia contracted to 740 per month in 2013 in comparison with 818 companies in 2012 and 938 companies in 2011.

General payment situation

The payment situation in Russia has deteriorated recently. Share of accounts payable outstanding in total amount was up to 5,3% in December 2013 in comparison with 5,0% in December 2012. Number of companies with accounts payable outstanding amounted to 10.567, down 5,7%, while the total amount surged by 23,7% in the 2013.

GRAPH 21.1 SOURCE: FEDERAL STATISTIC SERVICE

SHARE OF ACCOUNT PAYABLE AND BANK LOANS OUTSTANDING IN RUSSIA'S TOTAL, 2010 – 2013



Still, the share of companies with accounts payable outstanding in the total number contracted from 0,24% in 2012 to 0,22% in 2013.

There is still a great difference in the payment situation in various sectors. In 2013, Production and distribution of electric energy, gas and water had still the highest share of companies with accounts payable outstanding (6,3%), while the total amount surged by 62,3%.

High shares of companies with accounts payable outstanding were registered in Production of fuel and energy resources (3,3%), Ferrous and non-ferrous metals (2,3%), Production of vehicles for transportation and equipment (2,3%).

TABLE 21.2 SOURCE: FEDERAL STATISTIC SERVICE

BREAKDOWN OF ACCOUNT RECEIVABLE OUTSTANDING BY SECTORS IN RUSSIA, 2013

	Number of companies	Change	Share in total number	Change in p.p.	Amount. RuB bn	Change
Production and distribution of electric energy, gas and water	2.021	-0,2%	6,3%	-1,4	325,1	26,3%
Production of fuel and energy resources	230	-2,1%	3,3%	0,1	156,5	41,9%
Ferrous and non-ferrous metals	115	6,5%	2,3%	0,2	67,0	14,7%
Production of vehicles for transportation and equipment	225	-7,8%	2,3%	-0,2	45,7	-15,7%
Production of coke, oil products, nuclear materials	39	0,0%	1,8%	0,4	95,9	150,4%
Mining	143	-3,4%	1,4%	-0,1	13,6	25,9%
Production of other non-metallic mineral products	307	-8,4%	1,1%	-0,2	34,1	31,2%
Chemical industry	143	-5,9%	1,0%	0,0	28,7	-15,8%
Pulp and paper production, publishing and printing	43	4,9%	0,9%	0,0	14,8	28,7%
Production of electric, electronic and optical equipment	293	-12,3%	0,8%	-0,4	17,0	26,9%
Agriculture, hunting and forestry	1.301	-16,2%	0,8%	0,1	27,8	4,5%
Production of leather, leather products, footwear	20	11,1%	0,8%	0,2	0,2	-33,3%
Production of food products, including beverages and tobacco	354	-14,3%	0,7%	0,0	20,6	-34,8%
Production of machinery and equipment	292	-8,2%	0,7%	0,1	24,1	-0,8%
Production of products from metals	184	-5,6%	0,5%	-0,2	11,8	-4,1%
Communications	125	2,5%	0,5%	0,0	9,3	43,1%
Transport	923	-2,7%	0,3%	-0,1	41,0	-7,2%
Textile and clothing industry	84	-16,0%	0,3%	0,0	3,9	-2,5%

Fishery	27	-6,9%	0,3%	0,0	1,4	-12,5%
Production of rubber and plastic products	61	-10,3%	0,3%	-0,1	2,3	-23,3%
Wood-processing and production of wood products	86	-15,7%	0,3%	0,0	3,6	-16,3%
Construction	892	-11,2%	0,2%	0,0	73,7	3,2%
Provision of other communal, social and individual services	511	1,8%	0,2%	0,0	7,3	28,1%
Printing and publishing	68	4,6%	0,1%	0,0	0,6	50,0%
Real estate operations, leasing and services	1.154	-2,6%	0,1%	0,0	69,2	11,3%
Health care and social services	73	0,0%	0,1%	0,0	0,9	80,0%
Hotels and restaurants	84	-5,6%	0,1%	0,0	1,4	27,3%
Education	95	75,9%	0,1%	0,0	0,2	100,0%
Trade in automotive vehicles, its maintenance and repairs	75	21,0%	0,1%	0,0	5,7	46,2%
Retail trade, excluding trade in automotive vehicles	160	-11,1%	0,0%	0,0	3,0	3,4%
Wholesale trade, excluding trade in automotive vehicles	269	-4,6%	0,0%	0,0	335,4	37,1%

**In accordance with Russian Industrial Classification*

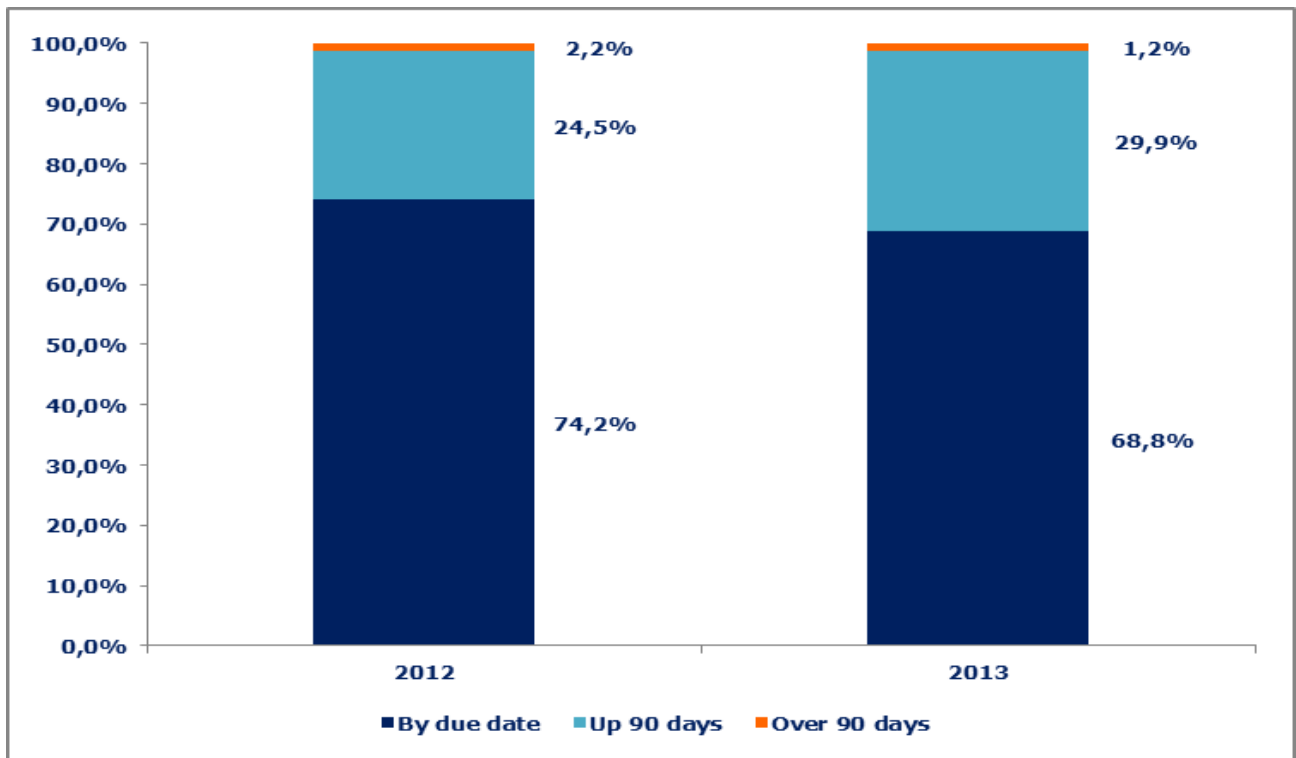
The list of the sectors with fast growing amounts of accounts payable outstanding included Production of coke, oil products, nuclear materials, up 150,4% in 2013, Education, up 100,0%, Health care and social services, up 80,0%, Printing and publishing, up 50,0%, and Trade in automotive vehicles, its maintenance and repairs, up 46,2%.

Payment analysis

More detailed analysis of current payment practices in Russia, based on Interfax data, suggests that the payment situation remained relatively stable. Still, there was some deterioration due to a slowdown of Russia's economic growth. In 2013, share of the companies with on time payments fell to 68,8% against 74,2% in 2012. A number of former "good payers" moved down mainly to the group with payment performance up to 30 days. Meanwhile, "bad payers" (Over 90 days) accounted for only 1,2% (2,2% in 2012).

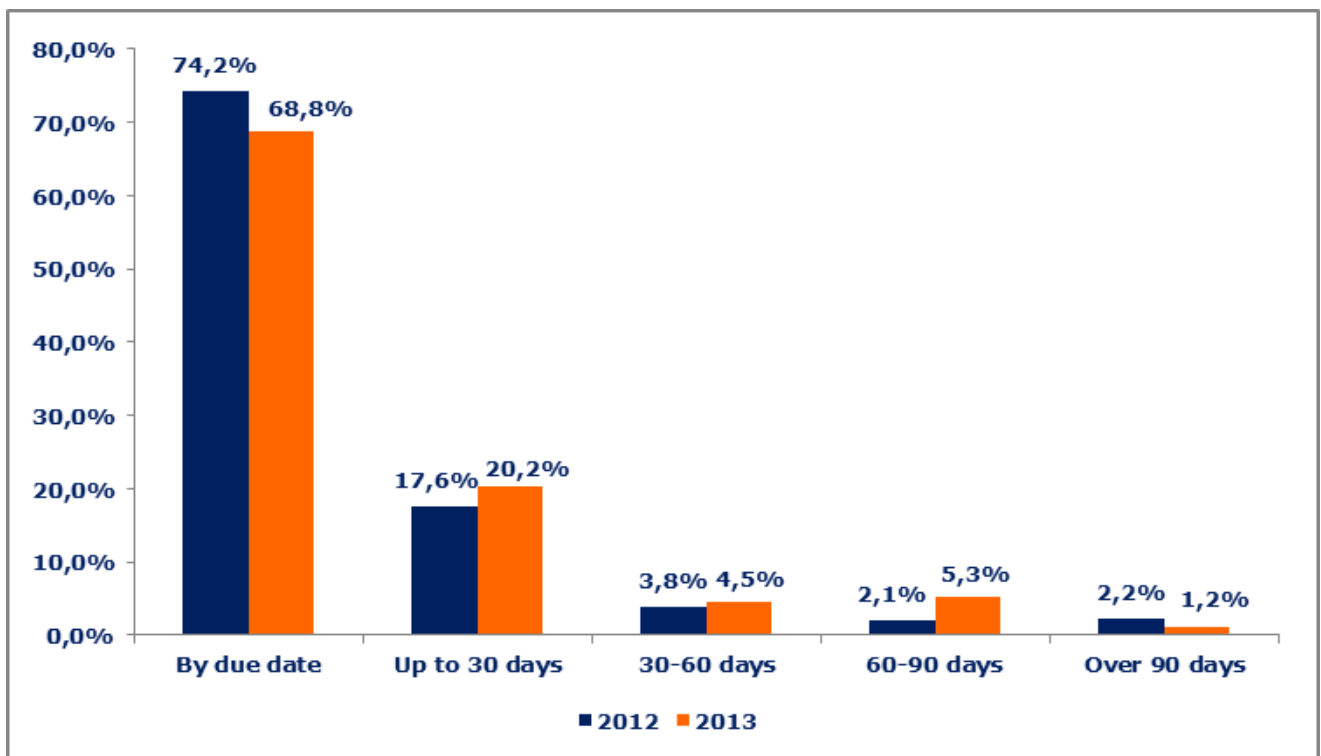
GRAPH 21.3 SOURCE: INTERFAX

BREAKDOWN OF PAYMENT PRACTICES IN RUSSIA, 2012-2013



GRAPH 21.4 SOURCE: INTERFAX

BREAKDOWN OF PAYMENT PRACTICES IN RUSSIA BY PAYMENT CLASS, 2012-2013



Breakdown of payment practices by company size reveals that bigger companies generally have better payment behavior. The share of “good payers” among large companies reached 82,3% last year against 81,6% in 2012. Small companies had the highest share of “Over 90 days” payments, amounting to 1,6%, up from 2,8% in 2012.

TABLE 21.5 SOURCE: INTERFAX

BREAKDOWN OF PAYMENT PRACTICES IN RUSSIA BY COMPANY SIZE IN 2012-2013

2013					
	By due date	Up to 30 days	30-60 days	60-90 days	Over 90 days
Small (~1-50)	63,0%	23,0%	5,7%	6,6%	1,6%
Medium (~51-250)	77,9%	15,7%	2,2%	3,5%	0,6%
Large (>250)	82,3%	13,4%	2,1%	1,7%	0,5%
2012					
	By due date	Up to 30 days	30-60 days	60-90 days	Over 90 days
Small (~1-50)	68,8%	19,7%	5,8%	2,8%	2,8%
Medium (~51-250)	78,9%	15,4%	1,9%	1,5%	2,2%
Large (>250)	81,6%	15,2%	1,3%	1,3%	0,6%

Meanwhile, breakdown of payment practices by sectors shows relatively wide variations. “Good payers” dominate such sectors as Glass & Glassware, Furniture, Construction - Special Trade Contractors, Lumber & Wood Products (No Furniture), Papers & Allied Products, Insurance Agents, Brokers, and Service. The share of companies in these sectors with “By due date” payments exceeded 85,5% last year.

TABLE 21.6 SOURCE: INTERFAX

SECTORS WITH THE BEST PAYMENT RECORDS IN RUSSIA, 2013

	By due date	Up to 30 days	30-60 days	60-90 days	Over 90 days
Glass & Glassware	91,7%	8,3%	0,0%	0,0%	0,0%
Furniture	91,1%	4,4%	0,0%	4,4%	0,0%
Construction - Special Trade Contractors	87,5%	12,5%	0,0%	0,0%	0,0%
Lumber & Wood Products (No Furniture)	86,6%	10,4%	1,5%	1,5%	0,0%
Papers & Allied Products	85,7%	12,7%	1,6%	0,0%	0,0%

Insurance Agents, Brokers and Service	85,7%	11,7%	0,0%	2,6%	0,0%
Services - Advertising	85,6%	11,0%	0,8%	2,5%	0,0%
Leather & Leather Products	85,2%	7,4%	0,0%	7,4%	0,0%
Wholesale - Durable Goods	84,4%	6,5%	3,9%	3,9%	1,3%
Construction	84,1%	9,5%	3,2%	0,8%	2,4%
Chemicals & Allied Products	82,9%	17,1%	0,0%	0,0%	0,0%
Electronic & Other Electrical Equipment (excluding Computers)	82,4%	5,9%	0,0%	11,8%	0,0%
Oil Refining	81,7%	16,9%	0,0%	0,0%	1,4%
Engines & Turbines	78,9%	15,8%	0,0%	0,0%	5,3%
Steel Works, Blast Furnaces & Rolling & Finishing Mills	77,8%	18,5%	3,7%	0,0%	0,0%

**In accordance with the Standard Industrial Classification*

The list of the worst payers included Services-Automotive Repair, Services & Parking, Retail-Auto Dealers & Gasoline Stations, Insurance, Air Transportation, Air Transportation. Less than 65% of companies in these made payments by due date.

TABLE 21.7 SOURCE: INTERFAX

SECTORS WITH THE WORST PAYMENT RECORDS IN RUSSIA, 2013

	By due date	Up to 30 days	30-60 days	60-90 days	Over 90 days
Services - Automotive Repair, Services & Parking	46,3%	35,2%	9,3%	5,6%	3,7%
Retail - Auto Dealers & Gasoline Stations	60,0%	25,0%	1,7%	9,2%	4,2%
Insurance	62,3%	21,7%	6,6%	9,4%	0,0%
Air Transportation	64,4%	23,3%	6,0%	5,0%	1,2%
Services - Personal Services	65,9%	17,1%	9,8%	7,3%	0,0%
Local & Suburban Transit & Interurban Hwy Passenger Trans	66,7%	16,7%	0,0%	16,7%	0,0%
Railroads, Line - Haul Operating	66,7%	27,3%	3,0%	3,0%	0,0%
Hotels, Rooming Houses, Camps & Other Lodging Places	67,9%	23,4%	3,2%	4,6%	0,9%
Textile Mill Products	68,1%	15,9%	7,2%	5,8%	2,9%
Food and Kindred Products	68,8%	18,8%	6,3%	6,3%	0,0%
Retail - Building Materials, Hardware, Garden Supply	69,9%	23,9%	3,6%	2,6%	0,0%

Agricultural Production-Crops	72,7%	18,2%	4,5%	4,5%	0,0%
Metal Items	72,7%	18,2%	9,1%	0,0%	0,0%
Services - Health Services	76,9%	12,3%	1,5%	9,2%	0,0%
Real Estate	77,3%	11,6%	4,6%	5,6%	0,9%

**In accordance with the Standard Industrial Classification*

Russia's economic slowdown has not hit seriously the payment situation. Analysis of data from various sources shows that the economy is still maintaining mostly good payment practices. Still, some alarming trends have emerged lately with a higher share of accounts payable outstanding in the economy as well a moderate shift in payment practices towards later payment.

22. TURKEY

Below is the opinion of **Sedef Işıksel Çetin, Head of Economic Analysis Group and Trade Program** at **D&B Turkey**, on the economic scenario and payment situation in Turkey.

"A number of events which took place in 2013's second half made all business sentiment to turn sour: the rising political tension, insufficient saving levels, fall in investments, rising inflation, the huge current account deficit and private sector's high foreign currency liabilities. There is also an external factor which is the anticipation that FED's tapering decision will restrict capital flow to emerging markets.

It is depressing to observe negative expectations via D&B Turkey's Business Optimism Index, Turkish companies have bleak expectations for the first half of 2014. The Index stood at 54 points in the second quarter of 2013 however reached a nadir at 42.6 in Q1 2014.

According to D&B Credit Risk Map of Turkey in 2013, credit risk climbs due to the factors stated above. As in previous periods, the highest risk bearing business line was retail trade, whereas the lowest risk activity was in manufacturing.

In Turkey, credit terms are defined according to industry dynamics and the relationship between the suppliers and their customers. Economic players in Turkey, facing with an uncertain outlook tend to step on the brake, postpone investments, reduce expenditure and usually pay late to be more liquid.

Normal period of credit associated with transactions with companies in Turkey is 60-90 days.

Below you may find average terms of several industries:

Terms (days)	Sector
30-45	Transportation (air)
45-60	Transportation (water & land)
30-60	Machinery parts
0-15	Cables
60-90	Textile
45-60	Cosmetics
60-90	Power Equipments
15-45	Business Services
30-60	Consumer Goods
60-90	Agriculture
30-60	Food
30-90	Chemicals
60 -90	Construction materials
45 -60	Electronics
15-30	Operational Leasing
30-60	FMCG
60-90	Healthcare
120-150	Paint
30-60	Tourism

Payment analysis

In 2013, Turkish companies that paid their suppliers on time ("By due date" class) accounted for 54,6% of the total with a 2,5 percentage point increase compared with 2012 and 16,6 percentage points above the European average.

Moderate late payments (Up to 30 days), on the other hand, account for 31,2% of Turkish companies, while the intermediate late payment classes (30-60 days and 60-90 days) together account for 9,8 percentage points.

The positive performance is also seen in the "Up to 90 days" class, which has decreased by 2 percentage points, meanwhile the variations for the late payment class of over 90 days are more contained: at the end of 2013 the concentration of companies in this bracket was 4,4%, compared to 4,9% in 2012, but of these only 0,2% pay more than 120 days late on average.

Contrary to what is seen in the other countries analyzed in the study, there is general uniformity in terms of payment behavior, independently of the turnover and number of employees.

Specifically, Micro companies have the highest concentration of punctual payers, with 55,5% of the total, followed in second place by Large companies with 55,4%.

Medium companies, on the other hand, have the highest concentration in the moderate late payment class of up to 30 days on average (32,4%).

Late payment of between 30 and 90 days on average is highest in the Medium category, with 10% of the total.

In terms of serious late payments, the worst performance is once again seen for the micro companies: 4,8% exceed an average of 90 days beyond agreed payment terms.

A somewhat heterogeneous context emerges from sector-based analysis, with rather differing performances between the various sectors considered.

The sector which stands out as having the most balanced payment behavior is Finance, insurance and real estate: in this case, 70,7% of companies manage to pay within agreed terms.

For the Manufacturing and Mining sectors, on the other hand, there is a lower share of on time payments of less than 52,9%.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Manufacturing (33,8%) and Wholesale trade (32,3%), whereas the highest concentration for the intermediate payment classes (between 30 and 90 days over payment terms) was seen for the Public Administration sector with 12,2% of the total.

Finally, the most serious late payment class (over 90 days on average) is highest in the Construction sector, with a share of 10,2% in this class.

As regarding the micro-sectors in terms of payment performance, in first place in the classification of best payers are Fishing, hunting and trapping and Depository institutions.

On the contrary, the worst performance relates to the Health services and Apparel and accessory stores sectors.

TABLE 22.1 SOURCE: D&B TURKEY

PERCENTAGE OF COMPANIES IN TURKEY WITH ON TIME PAYMENTS, 2012-2013

	2012	2013
Turkey	52,1%	54,6%
Europe	39,1%	38,0%

TABLE 22.2 SOURCE: D&B TURKEY

PERCENTAGE OF COMPANIES IN TURKEY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2012-2013

	2012	2013
Turkey	4,9%	4,4%
Europe	3,3%	3,9%

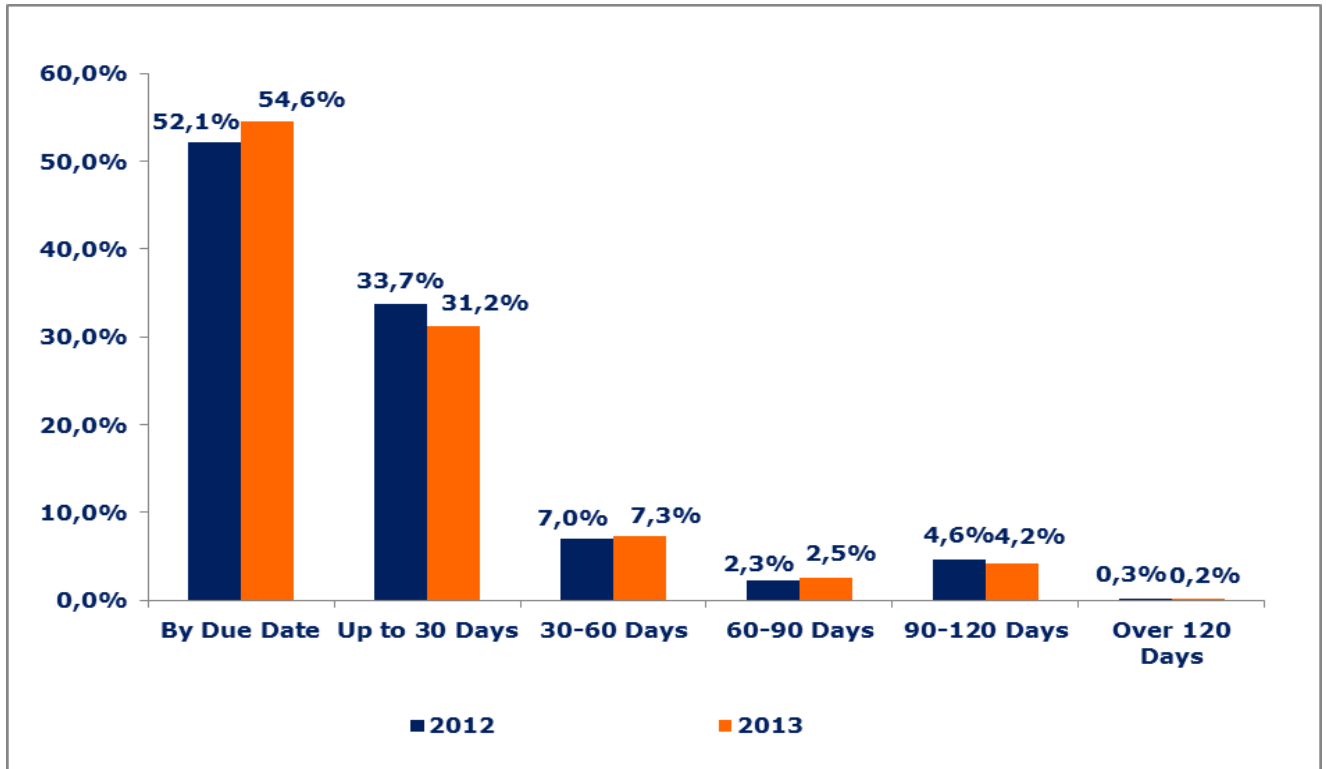
TABLE 22.3 SOURCE: D&B TURKEY

VARIATIONS IN PAYMENT PRACTICES IN TURKEY, 2012-2013

	Variation 2012/2013
By due date	2,5%
Up to 90 days	-2,0%
Over 90 days	-0,5%

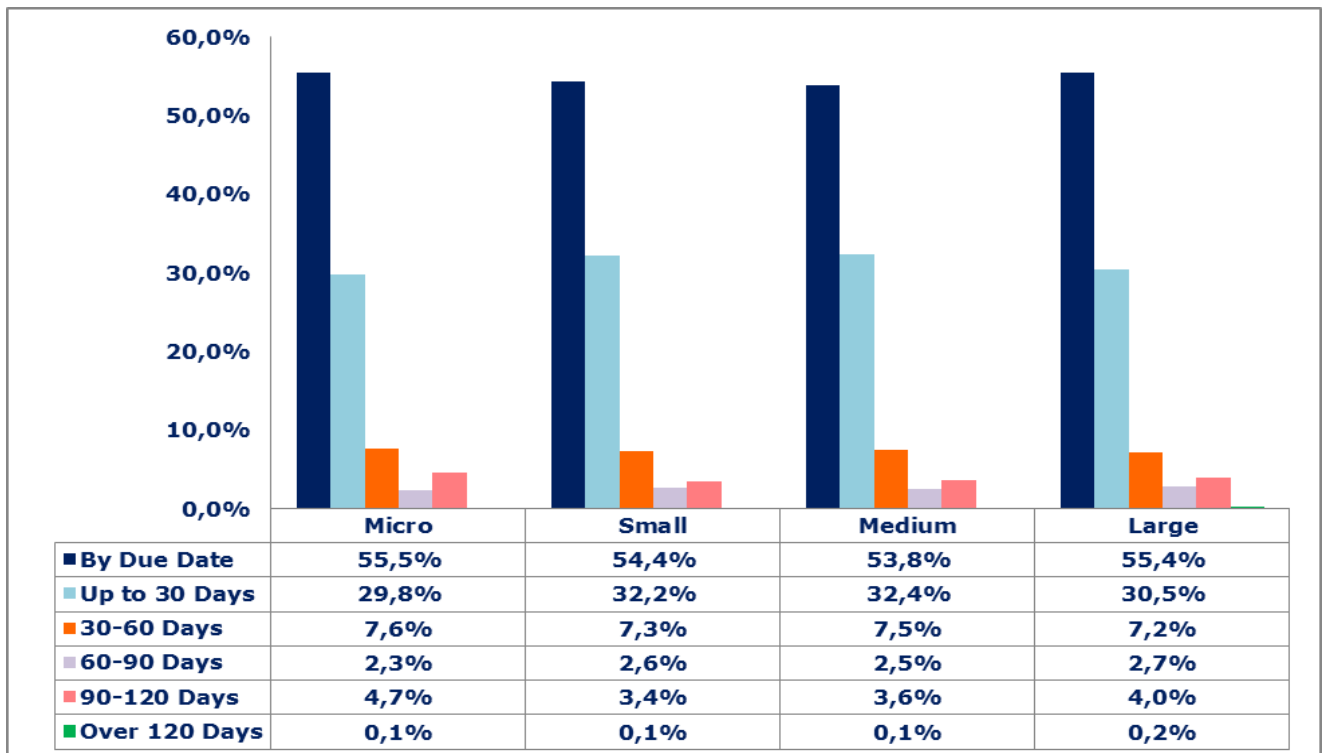
GRAPH 22.4 SOURCE: D&B TURKEY

PAYMENT PRACTICES IN TURKEY BY PAYMENT CLASS, 2012-2013



GRAPH 22.5 SOURCE: D&B TURKEY

PAYMENT PRACTICES IN TURKEY BY TYPE OF COMPANY, 2013



GRAPH 22.6 SOURCE: D&B TURKEY

PAYMENT PRACTICES IN TURKEY BY PRODUCT SECTOR, 2013

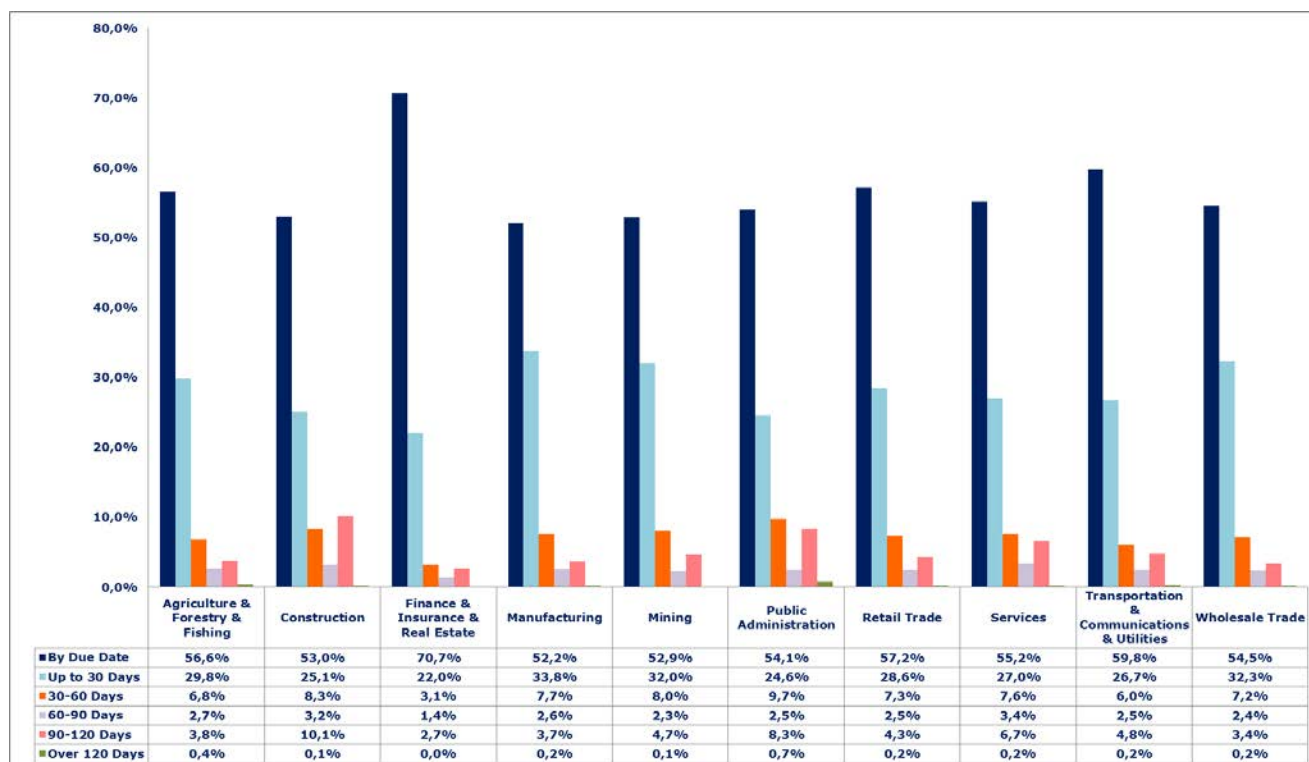


TABLE 22.7 SOURCE: D&B TURKEY

SECTORS WITH THE BEST PAYMENT RECORDS IN TURKEY, 2013

Sector	Ranking 2013
FISHING, HUNTING AND TRAPPING	1
DEPOSITORY INSTITUTIONS	2
NONDEPOSITORY INSTITUTIONS	3
SECURITY AND COMMODITY BROKERS	4
AUTO REPAIR, SERVICE AND PARKING	5
WATER TRANSPORTATION	6
MEMBERSHIP ORGANIZATIONS	7
BUSINESS SERVICES	8
HOLDING AND OTHER INVESTMENTS OFFICES	9
OIL AND GAS EXTRACTION	10

TABLE 22.8 SOURCE: D&B TURKEY

SECTORS WITH THE WORST PAYMENT RECORDS IN TURKEY, 2013

Sector	Ranking 2013
HEALTH SERVICES	65
APPAREL AND ACCESSORY STORES	64
HOTELS AND OTHER LODGING PLACES	63
MISCELLANEOUS MANUFACTURING INDUSTRIES	62
APPAREL AND OTHER TEXTILE PRODUCTS	61
LEATHER AND LEATHER PRODUCTS	60
INSTRUMENTS AND RELATED PRODUCTS	59
FURNITURE AND FIXTURES	58
COAL MINING	57
NONMETALLIC MINERALS, EXCEPT FUELS	56

22. GREECE

The business - economic environment in 2012, was dominated by the economic recession which influenced all the sectors of the economic activity, affecting the employment and spinning the unemployment at historically high levels. But alongside these developments, last year's budget deficit narrowed considerably, a development which strengthened confidence in the Greek economy and averted the danger of the Greek exit from the euro zone.

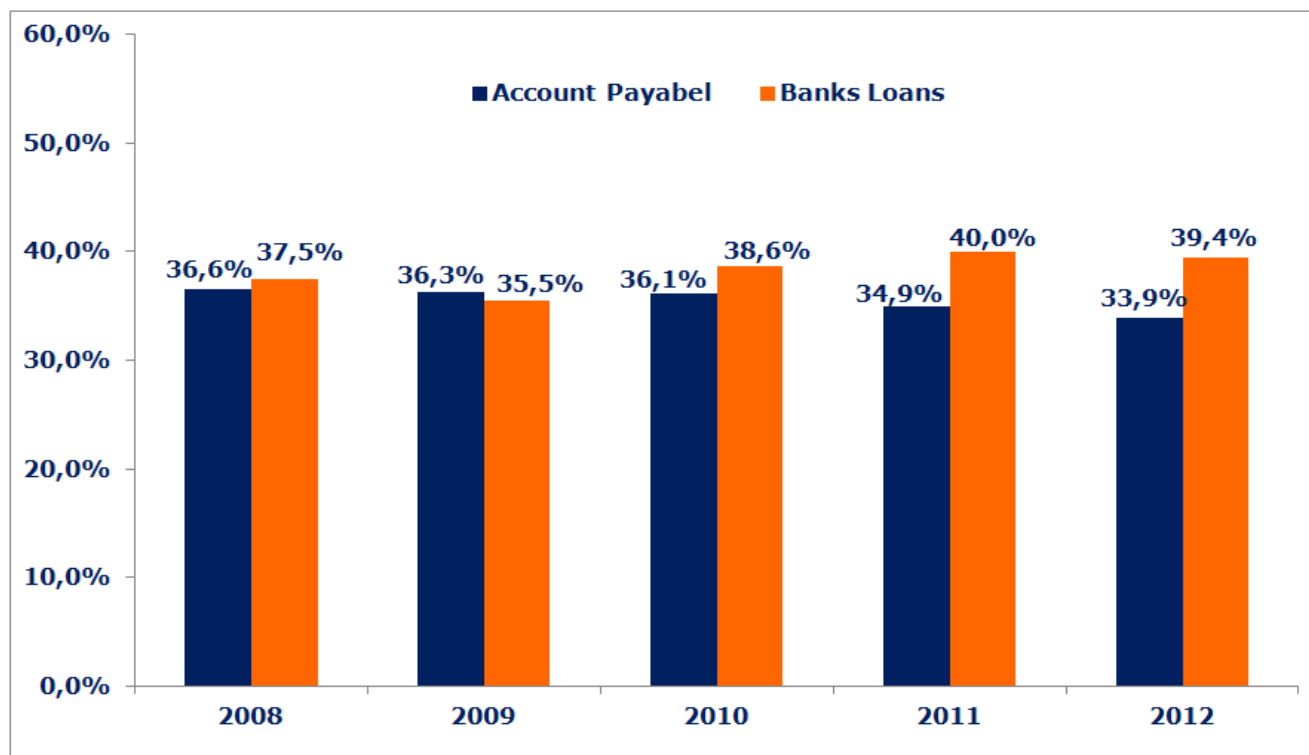
Regarding the performance of the corporate entities, these were faced with very serious problems, indicatively lack of demand, severe lack of liquidity and the continuing decline in production, resulting in additional decline of total sales. In terms of final results, the net effect remained for the third consecutive year losses, a fact which featured almost in all sectors, with the exception of the Energy-Water Supply sector.

Positive was of course the fact that total losses were considerably reduced. In particular, the non-financial sector losses were reduced by 34.3 %, while the financial sector losses shrinkage was much stronger (-71.2 %). It is evident however that still a huge effort is required from all parties (public and private) for the resumption of profitability.

As a closing remark, where fiscal consolidation proceeds, it 's a top priority issue to restore the normal operating conditions of the 'real' economy as well as the market liquidity, so as to make it feasible to return into a growth mode. In this perspective, the Greek companies have to increase their efforts, investing in the future with courage and determination.

GRAPH 23.1 SOURCE: ICAP GROUP

**SHARE OF ACCOUNTS PAYABLE AND BANK LOANS IN GREECE,
(2008-2012, & of Total Short-Term Liabilities)**



“Accounts Payable” are trade related liabilities and “Bank Loans” are bank liabilities. Both accounts are stated as a proportion of total short-term liabilities.

Both percentages declined in 2012, compared to 2011: accounts payable fell by 1% and bank loans by 0,6%.

TABLE 23.2 SOURCE: ICAP GROUP

BREAKDOWN OF COLLECTION PERIOD BY SECTORS IN GREECE, 2010-2012

Sector Code	Sector Description	Number of Companies	Collection Period (DAYS)		
			2012	2011	2010
40	Industry (Food Products)	769	139	139	137
41	Industry (Agricultural Products)	275	156	150	148
45	Industry (Beverages)	159	199	209	205
49	Industry (Tobacco)	9	92	158	92
50	Industry (Tobacco Products)	4	96	195	128
55	Industry (Textile Products)	118	111	115	137
56	Industry (White Linen - Fabric made Products)	20	133	145	137
58	Industry (Garments - Underwear - Accessories)	158	170	170	166
59	Industry (Footwear - Leather Goods)	22	273	259	235
60	Industry (Wood - Cork & Products)	58	206	217	217
61	Industry (Furniture)	109	212	167	154
63	Industry (Paper & Products)	110	147	167	174
64	Industry (Publishing of Newspapers - Magazines)	86	183	185	150
65	Industry (Publishing, Printing, Graphic Arts)	193	198	200	194
70	Industry (Leather - Fur)	10	219	206	182
72	Industry (Rubber - Plastics)	187	140	157	169
74	Industry (Chemicals - Gases - Paints - Explosives)	147	174	194	208
75	Industry (Medicines - Cosmetics - Detergents)	96	184	155	191
76	Industry (Liquefied Gas Bottling)	12	53	71	93
78	Industry (Petroleum & Coal Products)	13	16	22	22
79	Industry (Quarries - Mines - Saltworks)	24	141	123	115
80	Industry (Non-Metallic Mineral Products)	335	163	160	143
82	Industry (Primary Metal Products)	23	44	62	63
85	Industry (Metal Products & Structures)	347	176	158	180
88	Industry (Machinery)	147	251	242	256
90	Industry (Electric - Electronic Material)	106	109	125	146
91	Industry (Electric Appliances - Lighting Fixtures)	54	124	129	135

Sector Code	Sector Description	Number of Companies	Collection Period (DAYS)		
			2012	2011	2010
92	Industry (Transportation Means - Shipyards)	126	251	200	185
99	Industry (Miscellaneous Products)	208	153	155	174
201	Trade (Food Products)	573	115	120	120
205	Trade (Beverages)	126	167	170	168
208	Trade (Agricultural Products - Livestock Feed)	101	131	143	162
209	Trade (Leather - Fur)	10	324	341	374
211	Trade (Yarns - Fabrics)	60	289	307	304
213	Trade (Garments - Footwear - Leather Goods)	390	116	118	118
215	Trade (Furniture - Lighting Fixtures)	125	60	59	59
217	Trade (Carpets - Moquettes - Wallpaper)	27	230	216	216
219	Trade (White Linen - Upholstery Fabrics)	53	226	204	196
221	Trade (Household - Commercial Appliances)	167	100	100	98
223	Trade (Tableware - Cooking Utensils - Decoratives)	54	211	208	189
225	Trade (Electric - Electronic Material)	330	93	96	106
228	Trade (Computers - Office Machines)	227	113	117	122
231	Trade (Sanitary Ware - Faucets - Plumbing)	121	147	138	134
233	Trade (Heating - Refrigeration - Air Conditioning)	142	201	221	218
235	Trade (Construction Materials - Prefabrications)	155	202	184	172
237	Trade (Wall & Floor Panelling)	37	261	248	205
238	Trade (Doors, Windows & Frames - Hardware)	43	174	179	188
241	Trade (Chemicals - Gases - Paints - Explosives)	215	147	168	183
245	Trade (Medicines - Cosmetics - Detergents)	339	133	123	162
251	Trade (Medical - Laboratory - Scientific Goods)	309	579	476	539
255	Trade (Fuel - Lubricants - Liquefied Gases)	124	27	27	34
258	Trade (Ores - Minerals)	6	234	172	184
261	Trade (Metals - Metal Products)	116	134	122	129
265	Trade (Machinery - Tools - Abrasives)	351	252	250	229
271	Trade (Transportation Means)	582	141	113	98
273	Trade (Paper - Wood - Cork)	109	272	276	257
275	Trade (Books - Newspapers - Magazines)	32	98	84	67
281	Trade (Commercial Equipment)	73	224	211	190
285	Trade (Security Equipment)	56	189	178	164
291	Trade (Marine & Industrial Supplies)	92	150	160	166
295	Trade (Supermarkets - Department Stores)	205	27	27	28
298	Trade (Representations - Imports - Exports)	24	92	94	123

Sector Code	Sector Description	Number of Companies	Collection Period (DAYS)		
			2012	2011	2010
299	Trade (Miscellaneous Commodities)	441	112	117	117
408	Currency Exchange Agencies	2	7	11	13
409	Stock Exchange	4	248	241	150
410	Stock Brokerage Firms	24	657	481	617
411	Investment Services	10	312	142	240
413	Investing Brokers	68	271	210	182
415	Leasing	7	197	72	78
416	Mutual Funds	22	66	41	40
417	Portfolio & Investment Companies	6	499	N/A	N/A
418	Venture Capital Companies	3	47	15	8
419	Holding Companies	181	457	228	165
420	Financial Services	41	102	90	89
425	Energy - Water	558	99	61	52
427	Telecommunications	58	68	79	76
429	Computer Services	372	201	202	185
430	Post	26	93	87	94
431	Storage - Warehousing	108	183	163	160
432	Transportation by Land	226	115	97	100
433	Transportation by Sea	24	71	69	81
434	Transportation by Air	21	45	38	32
435	Transportation Services	360	245	219	186
436	Engineering - Construction	1.676	310	277	237
441	Advertising	163	218	207	185
445	Business Services	858	195	191	182
449	Miscellaneous Services	384	124	124	123
451	Private Education	146	116	93	82
455	Seminars	65	174	214	155
461	Football - Basketball	24	209	224	231
471	Real Estate	1.065	347	314	301
472	Restaurants - Nightclubs	346	62	66	58
475	Cinemas - Theatres	15	167	107	162
480	Gambling & Betting - Casinos	6	6	4	3
482	Recreation	43	175	133	98
487	Film & Record Production	64	298	271	249
489	Radio - TV Enterprises	70	171	163	215
495	Slim Centres - Beauty Parlor's - Fitness Centres	32	63	49	34

Sector Code	Sector Description	Number of Companies	Collection Period (DAYS)		
			2012	2011	2010
497	Medical Services	347	286	228	214
498	Public Hospitals	4	656	380	200
601	Tourism (Hotel Enterprises)	1.804	189	171	182
602	Tourism (Tourist Enterprises)	339	154	139	140
603	Tourism (Rent-a-Car Enterprises)	93	166	155	145
604	Tourism (Yachting - Cruising Enterprises)	45	470	258	164
636	Tourism (Camping)	34	150	125	112

TABLE 23.3 SOURCE: ICAP GROUP

BREAKDOWN OF PAYABLE PERIOD BY SECTORS IN GREECE, 2010-2012

Sector Code	Sector Description	Number of Companies	Payable Period (DAYS)		
			2012	2011	2010
40	Industry (Food Products)	769	104	103	105
41	Industry (Agricultural Products)	275	199	175	189
45	Industry (Beverages)	159	141	143	143
49	Industry (Tobacco)	9	64	100	58
50	Industry (Tobacco Products)	4	161	340	336
55	Industry (Textile Products)	118	58	56	63
56	Industry (White Linen - Fabric made Products)	20	134	123	116
58	Industry (Garments - Underwear - Accessories)	158	111	105	107
59	Industry (Footwear - Leather Goods)	22	167	161	161
60	Industry (Wood - Cork & Products)	58	138	105	103
61	Industry (Furniture)	109	217	168	144
63	Industry (Paper & Products)	110	102	128	132
64	Industry (Publishing of Newspapers - Magazines)	86	236	209	148
65	Industry (Publishing, Printing, Graphic Arts)	193	153	141	131
70	Industry (Leather - Fur)	10	63	57	58
72	Industry (Rubber - Plastics)	187	84	95	97
74	Industry (Chemicals - Gases - Paints - Explosives)	147	102	110	114
75	Industry (Medicines - Cosmetics - Detergents)	96	115	163	160
76	Industry (Liquefied Gas Bottling)	12	41	50	63

Sector Code	Sector Description	Number of Companies	Payable Period (DAYS)		
			2012	2011	2010
78	Industry (Petroleum & Coal Products)	13	49	46	63
79	Industry (Quarries - Mines - Saltworks)	24	133	128	99
80	Industry (Non-Metallic Mineral Products)	335	122	113	95
82	Industry (Primary Metal Products)	23	58	58	66
85	Industry (Metal Products & Structures)	347	79	76	87
88	Industry (Machinery)	147	154	149	148
90	Industry (Electric - Electronic Material)	106	65	68	96
91	Industry (Electric Appliances - Lighting Fixtures)	54	72	72	78
92	Industry (Transportation Means - Shipyards)	126	161	136	123
99	Industry (Miscellaneous Products)	208	88	89	106
201	Trade (Food Products)	573	87	95	95
205	Trade (Beverages)	126	128	131	128
208	Trade (Agricultural Products - Livestock Feed)	101	80	93	103
209	Trade (Leather - Fur)	10	162	96	132
211	Trade (Yarns - Fabrics)	60	140	143	127
213	Trade (Garments - Footwear - Leather Goods)	390	162	153	142
215	Trade (Furniture - Lighting Fixtures)	125	131	98	92
217	Trade (Carpets - Moquettes - Wallpaper)	27	386	346	285
219	Trade (White Linen - Upholstery Fabrics)	53	285	244	234
221	Trade (Household - Commercial Appliances)	167	128	118	114
223	Trade (Tableware - Cooking Utensils - Decoratives)	54	161	143	109
225	Trade (Electric - Electronic Material)	330	62	69	75
228	Trade (Computers - Office Machines)	227	92	93	97
231	Trade (Sanitary Ware - Faucets - Plumbing)	121	135	120	124
233	Trade (Heating - Refrigeration - Air Conditioning)	142	100	119	115
235	Trade (Construction Materials - Prefabrications)	155	137	113	112
237	Trade (Wall & Floor Panelling)	37	230	227	201
238	Trade (Doors, Windows & Frames - Hardware)	43	118	127	138
241	Trade (Chemicals - Gases - Paints - Explosives)	215	88	100	120
245	Trade (Medicines - Cosmetics - Detergents)	339	96	107	125
251	Trade (Medical - Laboratory - Scientific Goods)	309	479	433	423
255	Trade (Fuel - Lubricants - Liquefied Gases)	124	17	18	23
258	Trade (Ores - Minerals)	6	254	192	157
261	Trade (Metals - Metal Products)	116	63	58	67
265	Trade (Machinery - Tools - Abrasives)	351	152	148	141

Sector Code	Sector Description	Number of Companies	Payable Period (DAYS)		
			2012	2011	2010
271	Trade (Transportation Means)	582	110	90	73
273	Trade (Paper - Wood - Cork)	109	143	136	119
275	Trade (Books - Newspapers - Magazines)	32	203	158	130
281	Trade (Commercial Equipment)	73	185	169	151
285	Trade (Security Equipment)	56	147	149	123
291	Trade (Marine & Industrial Supplies)	92	99	100	109
295	Trade (Supermarkets - Department Stores)	205	117	118	120
298	Trade (Representations - Imports - Exports)	24	163	149	218
299	Trade (Miscellaneous Commodities)	441	132	145	149
408	Currency Exchange Agencies	2	1	10	1
409	Stock Exchange	4	233	382	161
410	Stock Brokerage Firms	24	56	87	213
411	Investment Services	10	16	12	11
413	Investing Brokers	68	183	176	118
415	Leasing	7	119	79	121
416	Mutual Funds	22	81	66	81
417	Portfolio & Investment Companies	6	672	N/A	N/A
418	Venture Capital Companies	3	10	16	10
419	Holding Companies	181	213	117	74
420	Financial Services	41	138	119	112
425	Energy - Water	558	70	42	35
427	Telecommunications	58	164	160	162
429	Computer Services	372	150	147	139
430	Post	26	201	190	28
431	Storage - Warehousing	108	170	152	138
432	Transportation by Land	226	353	304	267
433	Transportation by Sea	24	114	86	78
434	Transportation by Air	21	53	40	41
435	Transportation Services	360	125	111	104
436	Engineering - Construction	1676	210	181	151
441	Advertising	163	250	251	235
445	Business Services	858	195	166	147
449	Miscellaneous Services	384	96	94	96
451	Private Education	146	74	64	64
455	Seminars	65	167	237	169
461	Football - Basketball	24	241	169	181

Sector Code	Sector Description	Number of Companies	Payable Period (DAYS)		
			2012	2011	2010
471	Real Estate	1065	546	420	421
472	Restaurants - Nightclubs	346	204	184	174
475	Cinemas - Theatres	15	196	162	148
480	Gambling & Betting - Casinos	6	7	6	4
482	Recreation	43	491	436	358
487	Film & Record Production	64	241	211	179
489	Radio - TV Enterprises	70	210	218	236
495	Slim Centres - Beauty Parlor's - Fitness Centres	32	209	155	108
497	Medical Services	347	219	176	171
498	Public Hospitals	4	226	156	200
601	Tourism (Hotel Enterprises)	1804	147	152	163
602	Tourism (Tourist Enterprises)	339	193	148	143
603	Tourism (Rent-a-Car Enterprises)	93	127	118	109
604	Tourism (Yachting - Cruising Enterprises)	45	517	348	234
636	Tourism (Camping)	34	147	112	84

24. ITALY

Below is the opinion of **Marco Preti, CEO of CRIBIS D&B**, on the economic scenario and payment situation in Italy.

"According to the Banca d'Italia Economic Bulletin (April 2014), the expansion of global economic activity and trade continues, but with signs of weakness in some of the emerging countries.

In the euro area financial markets improve rapidly, but inflation was substantially lower than the forecasts (-0,5% in March).

In Italy the trend of industrial production and business surveys indicate that economic activity has continued to grow moderately in the first months of 2014 with an increase in orders from abroad and a restart of investments.

However, we continue to observe a weakness in the Italian labor market (the unemployment rate in February reached 13%) and in the family consumption (-8% compared to 2007).

Payments have proven to be the most reliable reflection of the state of businesses. By analyzing late payments of over 30 days, it is clear that those economies in the most difficulty are also those with a percentage of late payments beyond 30 days of over 10%, such as Portugal (25,5%), Poland (16%), and Italy (15,7%).

Since 2010, the percentage of companies in Italy paying more than 30 days late has more than doubled, above all in the north west and in the retail trade sector. Looking in detail at micro companies, which form the largest part of the Italian economy in terms of numbers, it can be seen that these have the highest percentage of on-time payments, but at the same time also the highest percentage of payments over 30 days late. A fact which demonstrates how these businesses are less able than others to finance themselves by delaying payments, having little bargaining power, and are suffering more as a result of the credit crunch, seeing their financial stability deteriorate more quickly.

It is difficult to predict if this trend will remain stable in the coming months; of course we don't envisage a reduction of late payments and the average level of riskiness of business Italian companies.

Analyzing the trend of bankruptcies, we notice how they have increased by 14% in the last year and more than 50% compared to 2009.

Our research on Credit Management shows that companies claim that over 40% of serious non-payments relate to customers who they have been supplying for more than 5 years.

All these are important signals of a context became more dangerous in the last years.

However, there are still positive elements, even if they don't come free. Over recent years, companies have increasingly put payment management at the heart of their financial management, and payment management is certainly one of the decisive factors in staying in the market.

Companies have significantly invested in new customer management strategies such as more careful monitoring, new business policies and, in some cases, also expansion of their credit management structure.

There has also been a widespread adoption of more timely and structured debt collection procedures.

Companies have invested a lot in procedures and tools, such as those of CRIBIS D&B, which allow the faint signs of worsening in the reliability of their partners to be quickly intercepted, as well as enabling them to keep a close eye on the ability of the client portfolio to generate revenues, to intervene quickly with preventive actions and actions that limit risk, and above all, to predict cash flow. This does come at a cost, but we believe it will bring concrete benefits, even once the financial crisis is over. To find evidence of this greater attention to payment management, consider that participants in our CRIBIS iTRADE program - the first information sharing solution in Italy on payment behavior and the widest source of information on commercial payments - have grown exponentially since the start of the financial crisis, more than doubling the number of payment experiences within our system."

24.1 Payment terms

In 2013 the vast majority of Italian companies have to observe payment terms of between 31 and 90 days: in particular, 39,9% of the total belongs to "31-60 days" class and 25,1% to "61-90 days" class.

Terms more restricted and within 30 days have been imposed on 23,8% of the sample (no day extension has been accorded to the 3,8%).

We can notice, however, lower percentages for payment terms more extended: 7,2% have to respect payment terms of between 91 and 120 days, while 4% of companies are in the "Over 120 days" class.

Compared to 2012, it is possible to see a significant reduction in the share of companies in the "No day extension" class of 3 percentage points, while the concentration in the "31-60 days" class has increased by 4,1%. The other classes don't show any significant changes.

If we consider the geographical area detail, the results are similar to the one of the overall national picture: Italian companies have to observe contractual payment terms of between 31 and 90 days (values above 58%).

South and islands are the area that show a higher percentage of companies to which have been accorded conditions of over 90 days (12,1% of the total).

In relation to payment terms of less than 30 days, there is a higher concentration in the center with 25,1% of companies, but the gap with the other areas is not so far.

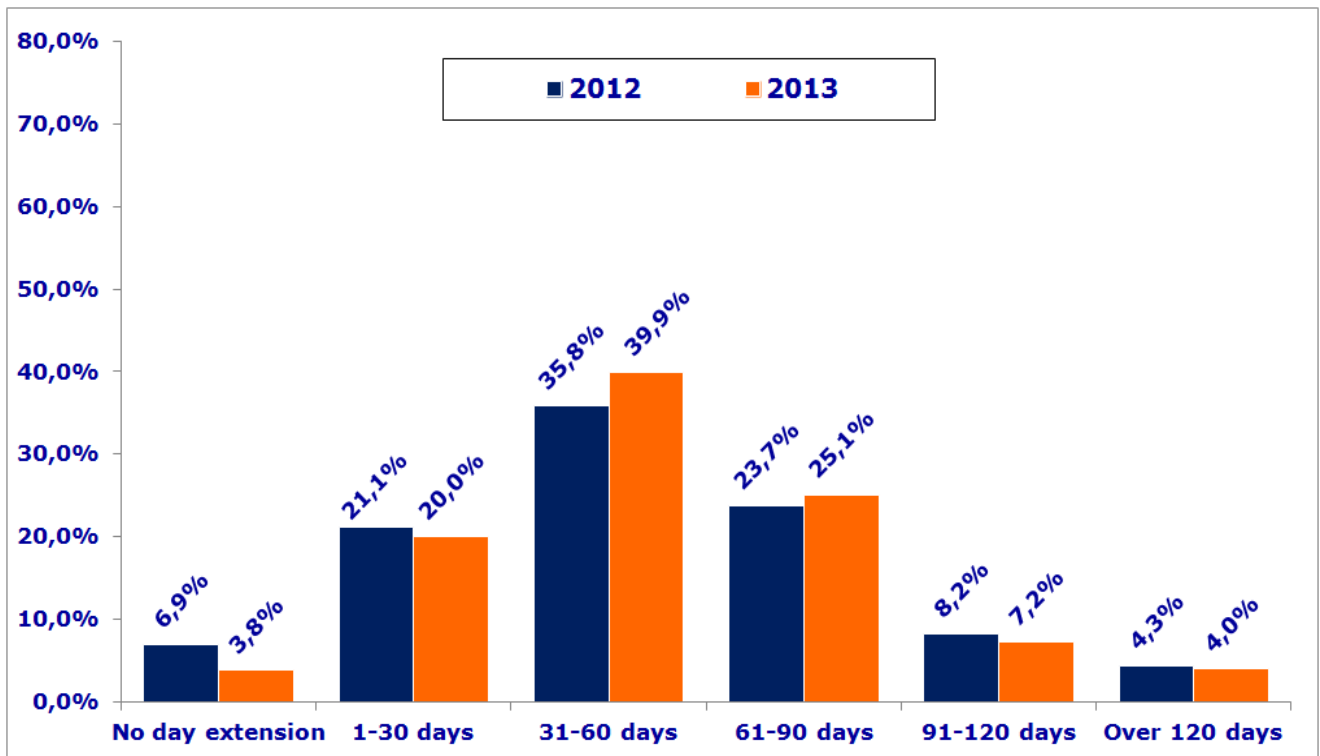
Finally, in the northeast only the 2,9% of the total has been asked to pay in advance (vs. 5,1% of the south and islands).

There is a tendency to manage commercial transactions with payments terms of on average between 31 and 60 days. All sectors have at least 35% of companies in the "31-60 days" class, with values of above 45% for Finance services and Services.

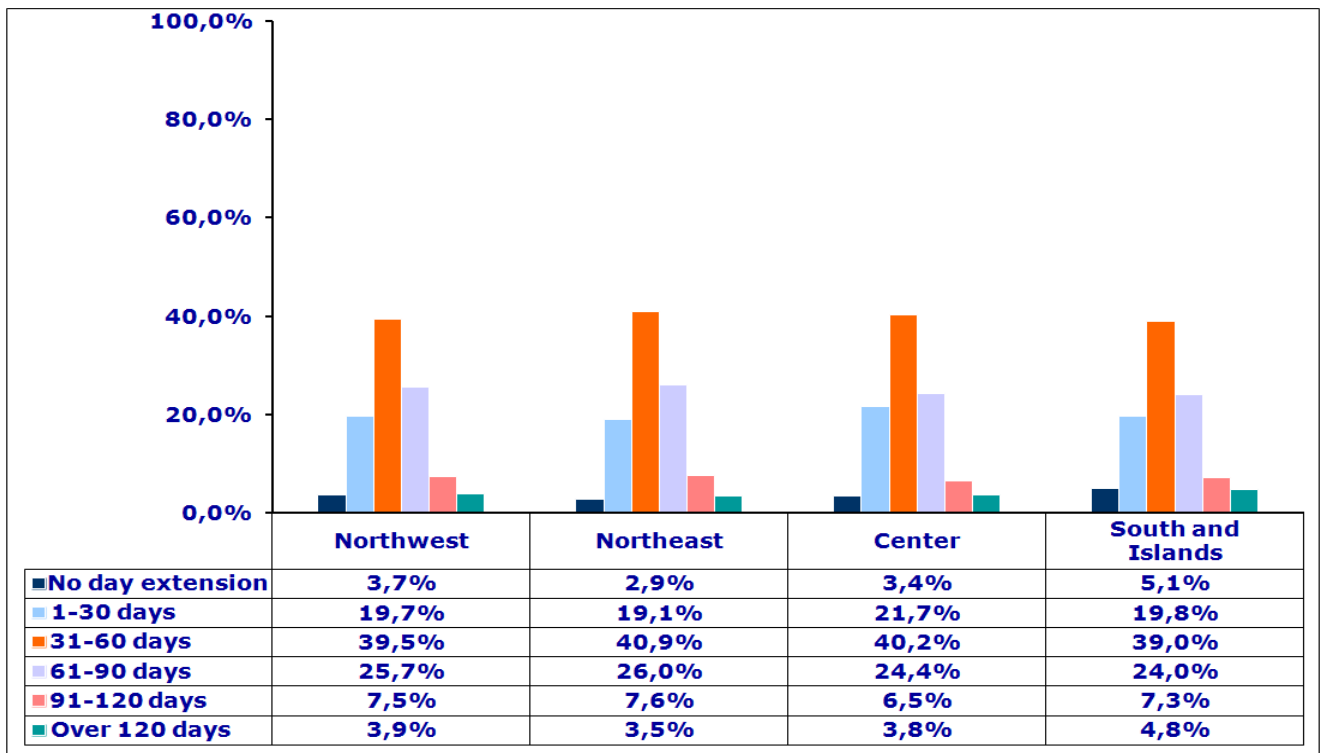
Mining and Wholesale are the sector that show the highest value in relation to payment terms of over 90 days (14,7% of the total).

Transport, on the other hand, has a significant concentration in the "No day extension" and "1-31 days" classes with the 9,7% and 34,6% of companies, respectively.

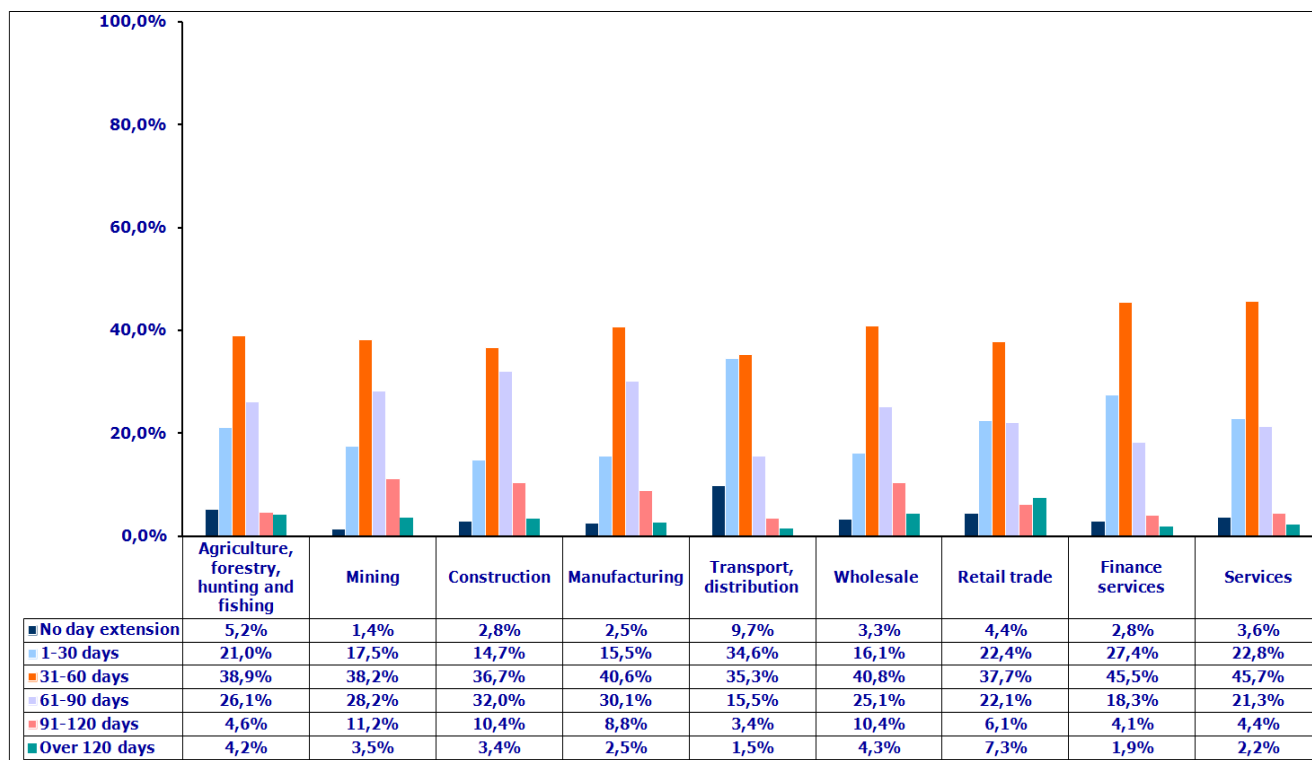
PAYMENT TERMS IN ITALY, 2012-2013



PAYMENT TERMS IN ITALY BY GEOGRAPHICAL AREA, 2013



PAYMENT TERMS IN ITALY BY PRODUCT SECTOR, 2013



24.2 Payment analysis

Following analysis confirms a worsening in the ability of Italian companies to respect agreed payment terms for their business transactions in 2013.

The negative trend in punctual payments which started in the last few years continues: in fact, the share of "good payers" has suffered a decrease of 5,4% compared with 2012, with 38,9% of the total.

Furthermore, the percentage of punctual payers is still less than the values seen before the economic and financial crisis (50,8% in 2007 and 49,6% in 2008).

It is worth noting the reduction in the gap compared to the European average: in 2013, the difference in punctual payments between Italian companies and the European average was only +0,9%, whereas in 2007, the gap with the rest of Europe was 9,8 above the European average.

The figure in relation to serious late payments (over 90 days on average) is also negative: these have increased by 2,5% compared to the previous year and account for 5,2% of Italian companies.

Compared with 2012, the average behavior deteriorated for 29,5% of companies, meanwhile the situation for 53,1% of companies remained unchanged, and for 17,4% it improved.

If we consider 2007, on the other hand, we can see a high proportion of companies that have a worse payment performance (42,6% of the total) compared to 37,4% of cases in which the average payment behavior has not changed.

Micro companies (a large part of the Italian market) continue to stand out as having a more balanced behavior in the management of commercial transactions within agreed payment terms.

The percentage of companies in this category was 40,9%, which is 2 percentage points above the national average, whereas late payments were concentrated in the "Up to 30 days" class (41,8%) and the "30-60 days" class (6,8%).

Small companies tend to pay on average between 1 and 30 days beyond agreed terms (52,8%), to the detriment of punctual payments with a percentage of 36,3%.

Medium and Large companies, meanwhile, have a very different payment habits compared to the two smaller classes of companies. On time payments reduce significantly (26,3% for Medium companies and 16% for Large companies), compared to a percentage of late payments of less than 30 days of more than 64%. In addition, only 2,6% of Large companies pay more than 90 days late on average, compared with the national average of 5,2%.

If we consider how the average payment practices of Italian companies have changed from 2007 and 2013 in relation to their size, Micro companies had a greater percentage of cases in which practices remained unchanged (39,5%), meanwhile there was a worsening in payment practices in 42,1% of cases. For Small and Medium sized companies, on the other hand, there was a higher share of companies for which payment practices have worsened compared to 2007 (more than 43%), whereas unvaried payment practices accounted for around a third of the sample.

As seen in previous years, the management of commercial transactions in southern and northern Italy is rather different.

In fact, while companies in northern Italy show a greater tendency to respect agreed payment terms and to contain late payments, where these exist, to within 30 days on average, payments in southern Italy are less punctual and late payments tend to be delayed more.

The percentage of punctual payments in the south and islands is 25,9%, around 13 percentage points below the national average, whereas 46,9% of the total are concentrated in the "Up to 30 days" class and 10,2% in the "30-60 days" class. The most serious late payments (over 60 days), on the other hand, accounted for 17% of companies in the south and islands (9,6% exceeding 90 days).

In the north, good payment performance is seen in the higher percentages of punctual payments (47,7% for the north east and 44,5% for the north west) and the more contained number of cases in which late payment exceeds 90 days (not more than 3,1%).

Finally, the center is in an intermediate position with 34,7% of companies paying within agreed payment terms, and 6,3% paying seriously late (over 90 days).

If we look at the development of payment habits of the last year compared to 2007, we see two distinct situations.

The north east and north west have a higher percentage of cases in which practices remain unchanged (above 41% of the total), meanwhile there has been a worsening in payment practices in between 35,7% and 41,5% of cases.

For the south and the islands, on the other hand, there is a higher concentration in the "Worsening" category, with 51,5%, to the detriment of the unchanged and improvement categories, with 20,9% and 27,6% of companies, respectively.

The best payment performances relate to Agriculture and Finance services, with concentrations of punctual payers of at least 49,1%.

Retail trade, on the other hand, has the lowest values in relation to punctual payments (only 28,1% with a gap of 10,8 percentage points from the national figure).

There is a tendency to manage commercial transactions with late payments of on average between 1 and 30 days beyond agreed terms. All sectors have at least 38% of companies in the "1 to 30 days" class, with values of above 47% for Manufacturing and Wholesale.

In relation to more seriously late payments, the worst performance was reported for the Retail trade sector with 9,7% of companies paying more than 90 days late.

Considering the changes in payment practices in the Italian macro-sectors between 2007 and 2013, there has been a general worsening, with variations of more than three points of D&B Paydex indicator for many sectors.

In particular, the indicator has decreased by over eleven points for Retail trade and by over five points for Mining and Construction.

Finally, the worst performance overall relates to the Retail trade sector, with a score of around 61, while the best performance was seen in the Finance services.

Insurance agents, brokers and service, Chemical and allied products and Insurance carriers show excellent payment performance in 2013, standing out due to a lesser delay in payment in relation to agreed terms.

The worst payment performance, on the other hand, was seen for Eating and drinking places, followed by Food stores and Transportation by air.

The negative trend seen for these sectors indicates that they do not seem able to reduce the average delay in payment and to improve conditions.

TABLE 24.2.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN ITALY WITH ON TIME PAYMENTS, 2007-2013

	2007	2012	2013
Italy	50,8%	44,3%	38,9%
Europe	41,0%	39,1%	38,0%

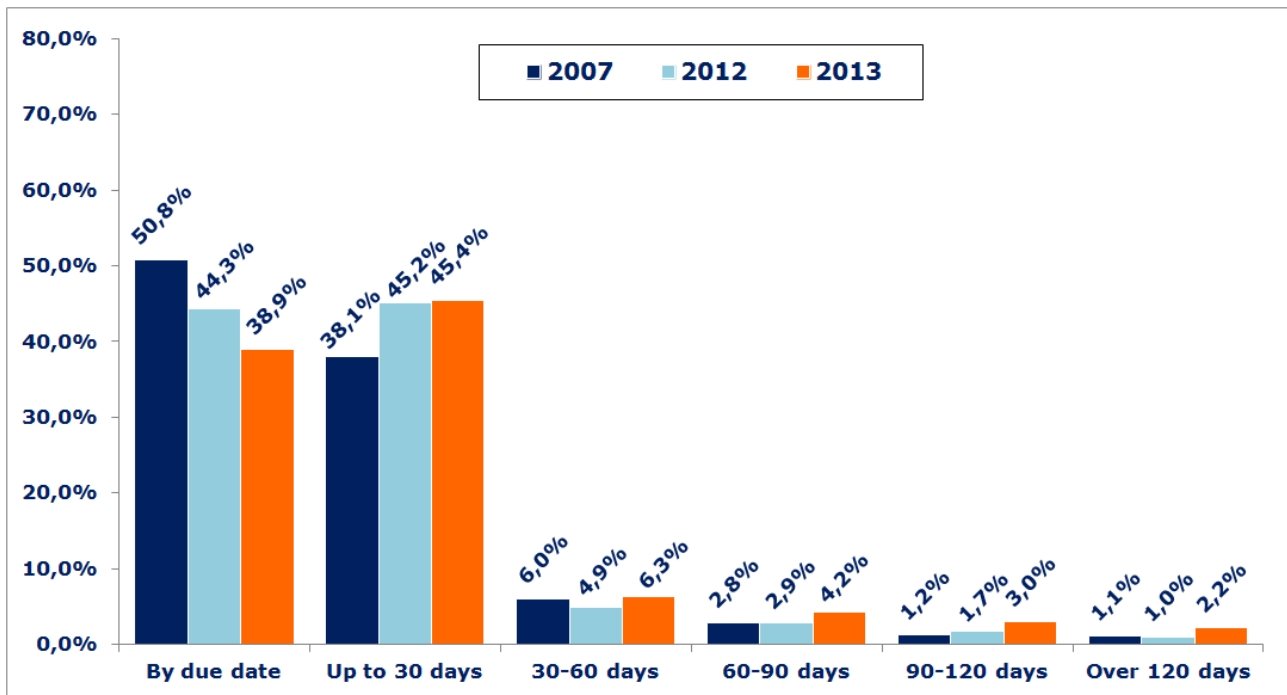
TABLE 24.2.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN ITALY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2013

	2007	2012	2013
Italy	2,3%	2,7%	5,2%
Europe	4,1%	3,3%	3,9%

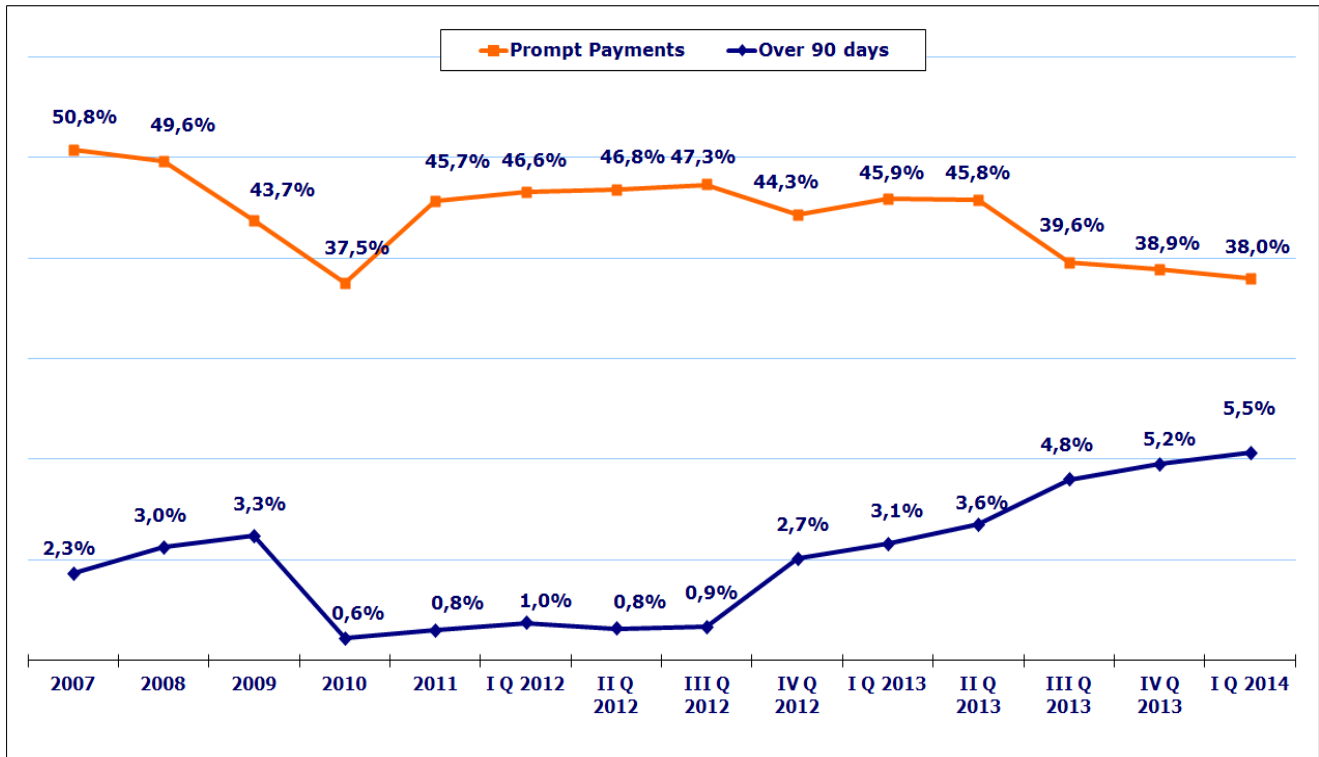
GRAPH 24.2.3 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY PAYMENT CLASS, 2007-2013

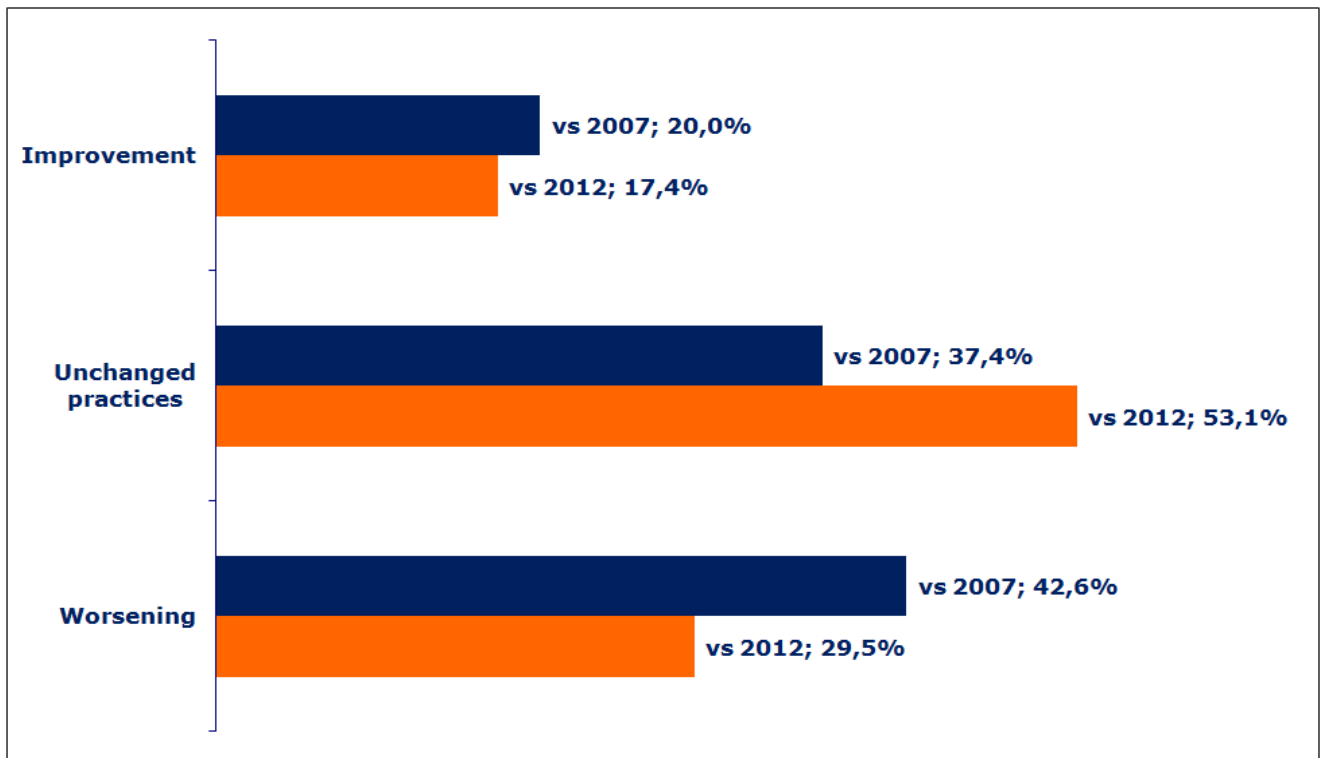


GRAPH 24.2.4 SOURCE: CRIBIS D&B

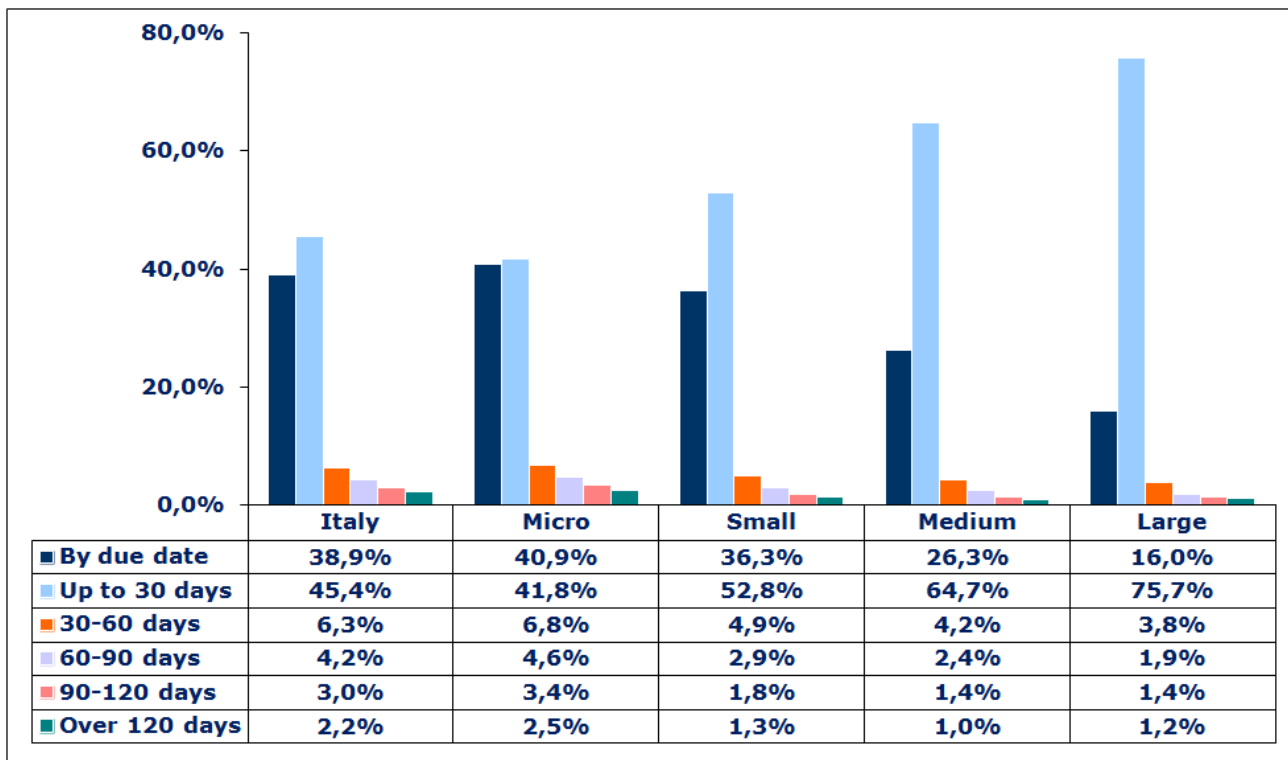
TRENDS IN PUNCTUAL PAYMENTS AND PAYMENTS OVER 90 DAYS LATE, 2007-2014



VARIATIONS IN PAYMENT PRACTICES IN ITALY, 2007-2013



PAYMENT PRACTICES IN ITALY BY TYPE OF COMPANY, 2013



VARIATIONS IN PAYMENT PRACTICES IN ITALY BY TYPE OF COMPANY, 2013 vs. 2007

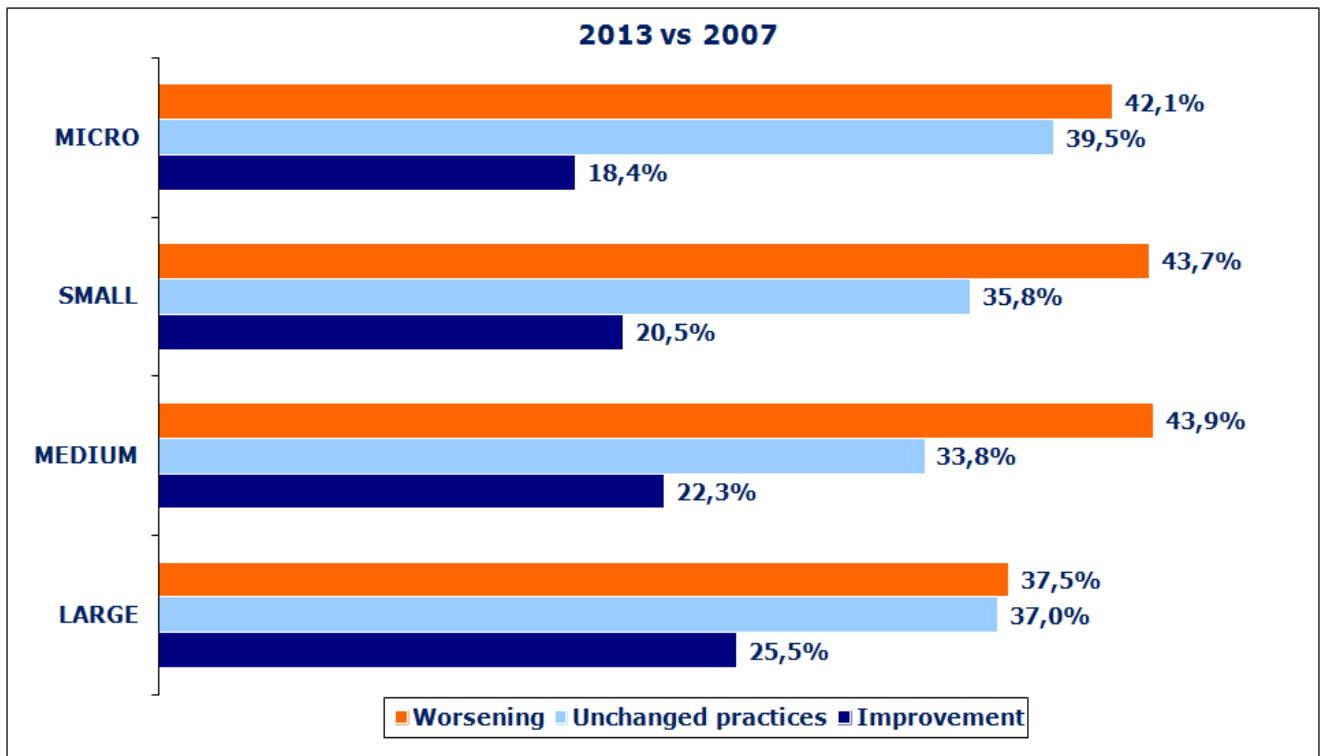


TABLE 24.2.8 SOURCE: CRIBIS D&B

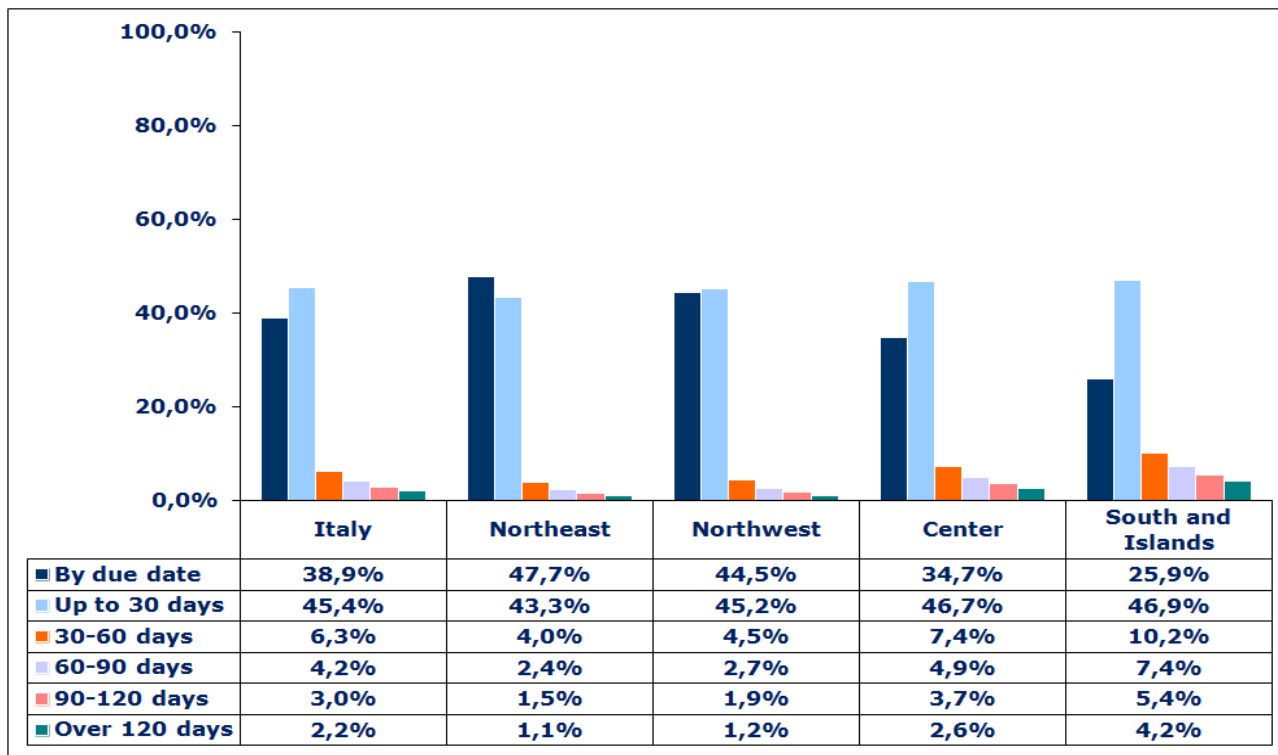
PAYMENT SITUATION IN ITALIAN REGIONS, 2013

Payments in Italian Regions	2013	
AREA	Punctual payments	Payments made 90 days over terms
Northeast	47,7%	2,6%
EMILIA ROMAGNA	48,4%	2,9%
FRIULI	45,9%	2,9%
TRENTINO	45,9%	2,1%
VENETO	47,8%	2,6%
Northwest	44,5%	3,1%
LIGURIA	36,4%	4,2%
LOMBARDY	46,5%	2,9%
PIEDMONT	42,8%	3,2%

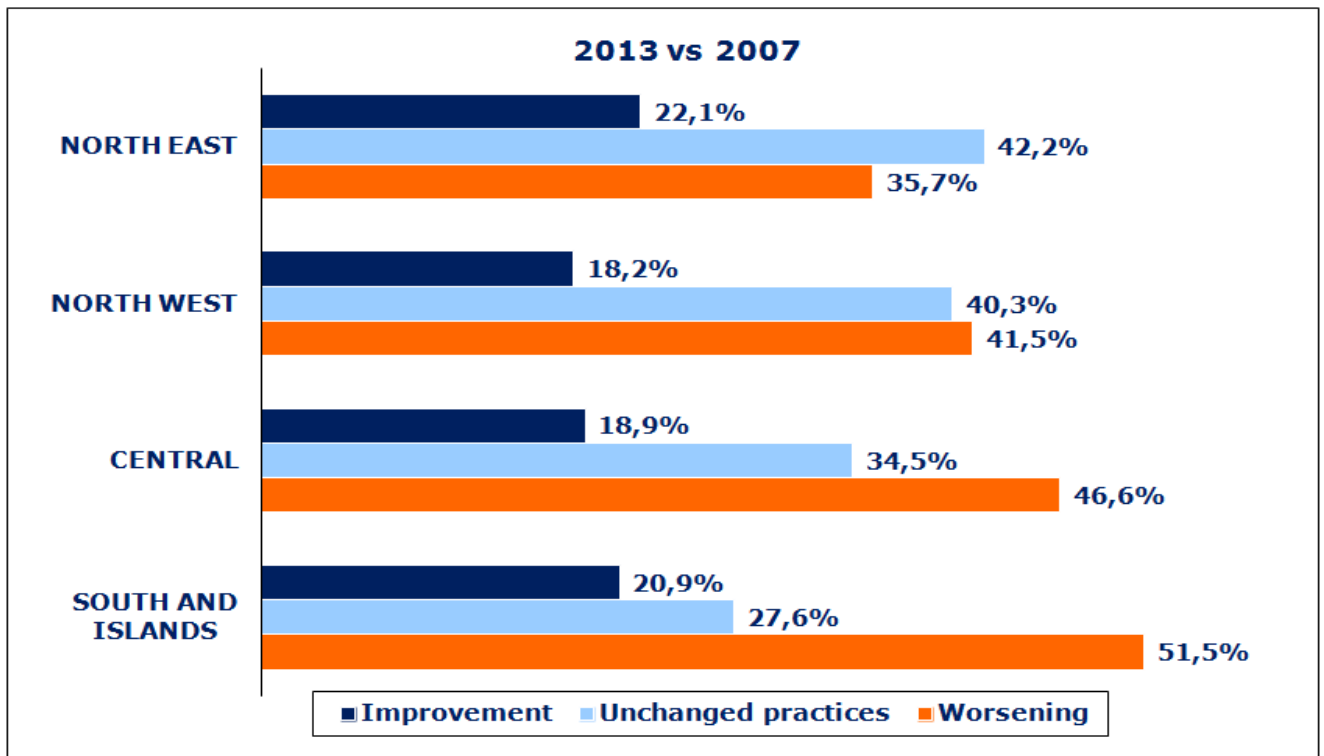
AOSTA VALLEY	41,2%	2,2%
Center	34,7%	6,3%
LAZIO	27,9%	8,1%
MARCHE	45,5%	4,2%
TUSCANY	37,5%	5,1%
UMBRIA	35,6%	6,8%
South and Islands	25,9%	9,6%
ABRUZZO	31,8%	7,9%
BASILICATA	33,8%	7,8%
CALABRIA	24,5%	12,0%
CAMPANIA	23,3%	11,4%
MOLISE	30,7%	7,5%
PUGLIA	28,2%	8,3%
SARDINIA	27,6%	6,8%
SICILY	22,7%	10,1%
ITALY	38,9%	5,2%

GRAPH 24.2.9 SOURCE: CRIBIS D&B

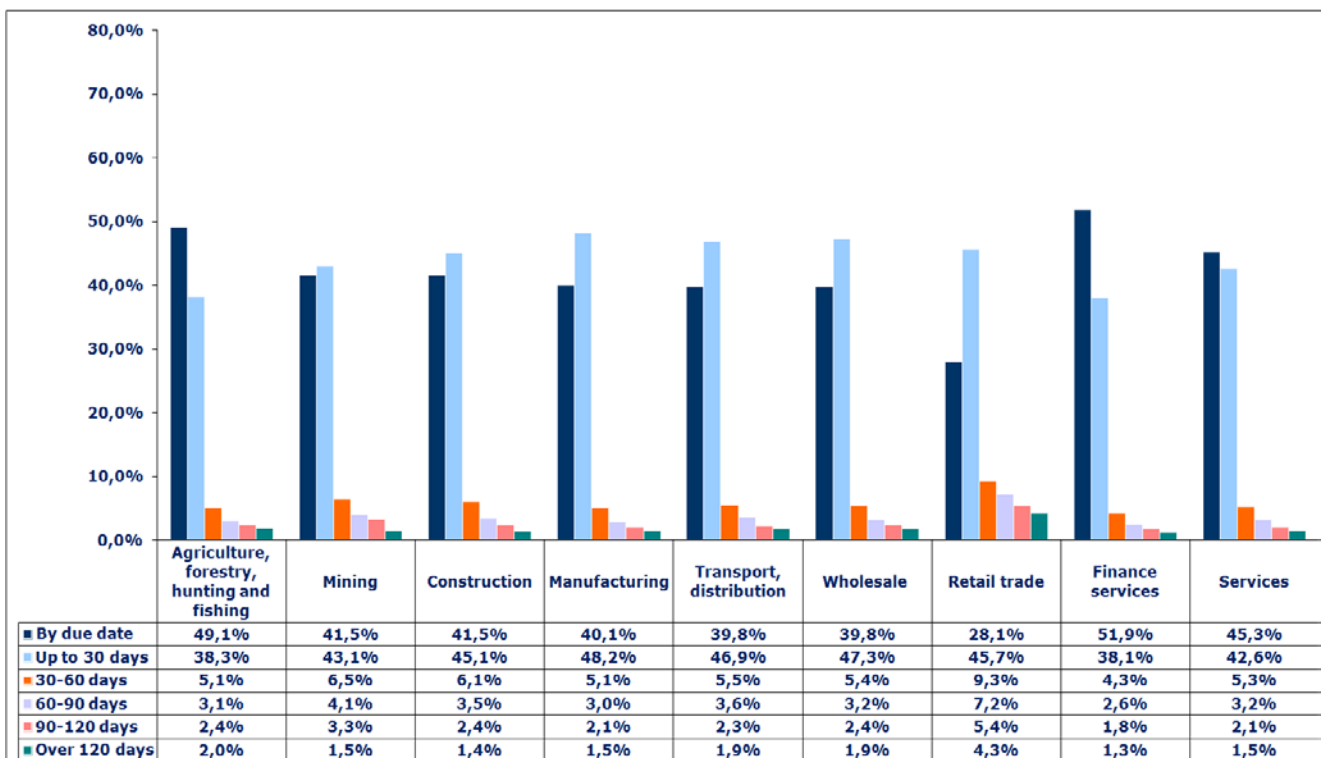
PAYMENT PRACTICES IN ITALY BY GEOGRAPHICAL AREA, 2013



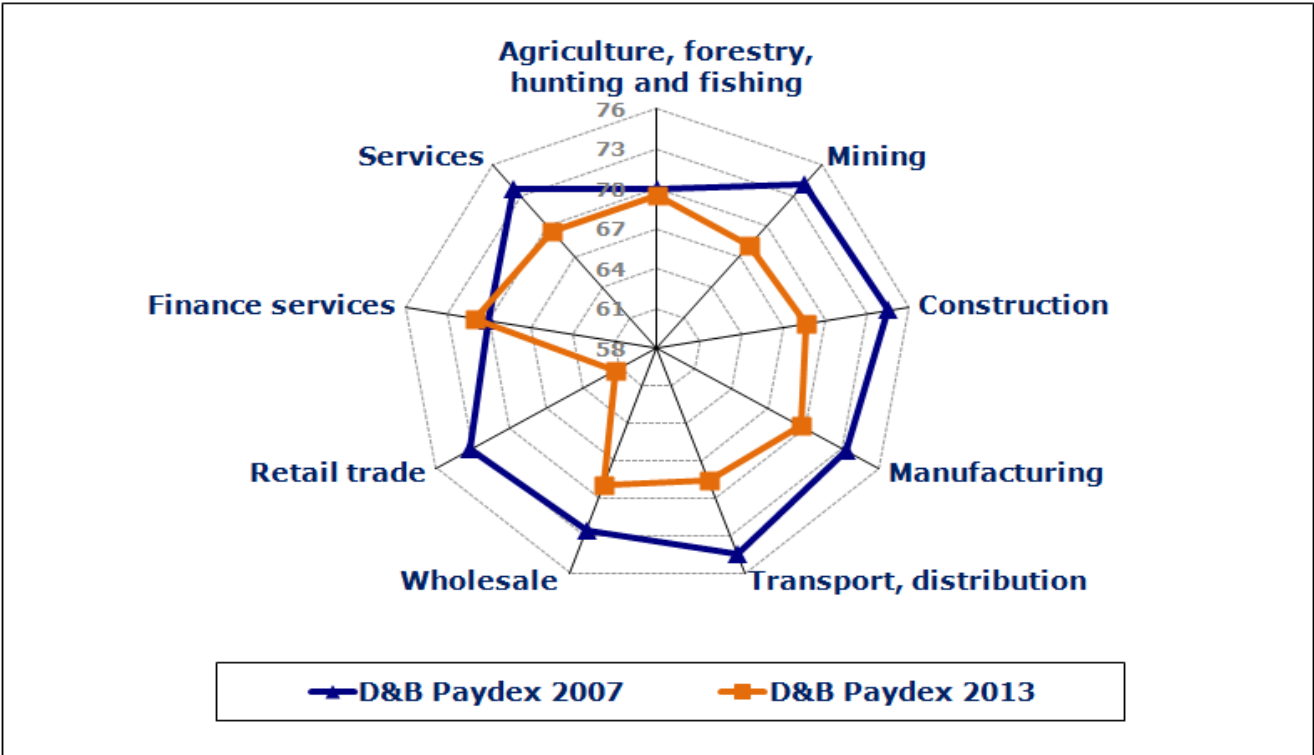
VARIATIONS IN PAYMENT PRACTICES IN ITALY BY GEOGRAPHICAL AREA, 2013 vs. 2007



PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR, 2013



VARIATIONS IN PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR, 2007 - 2013



GRAPH 24.2.13 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR AND TYPE OF COMPANY, 2013

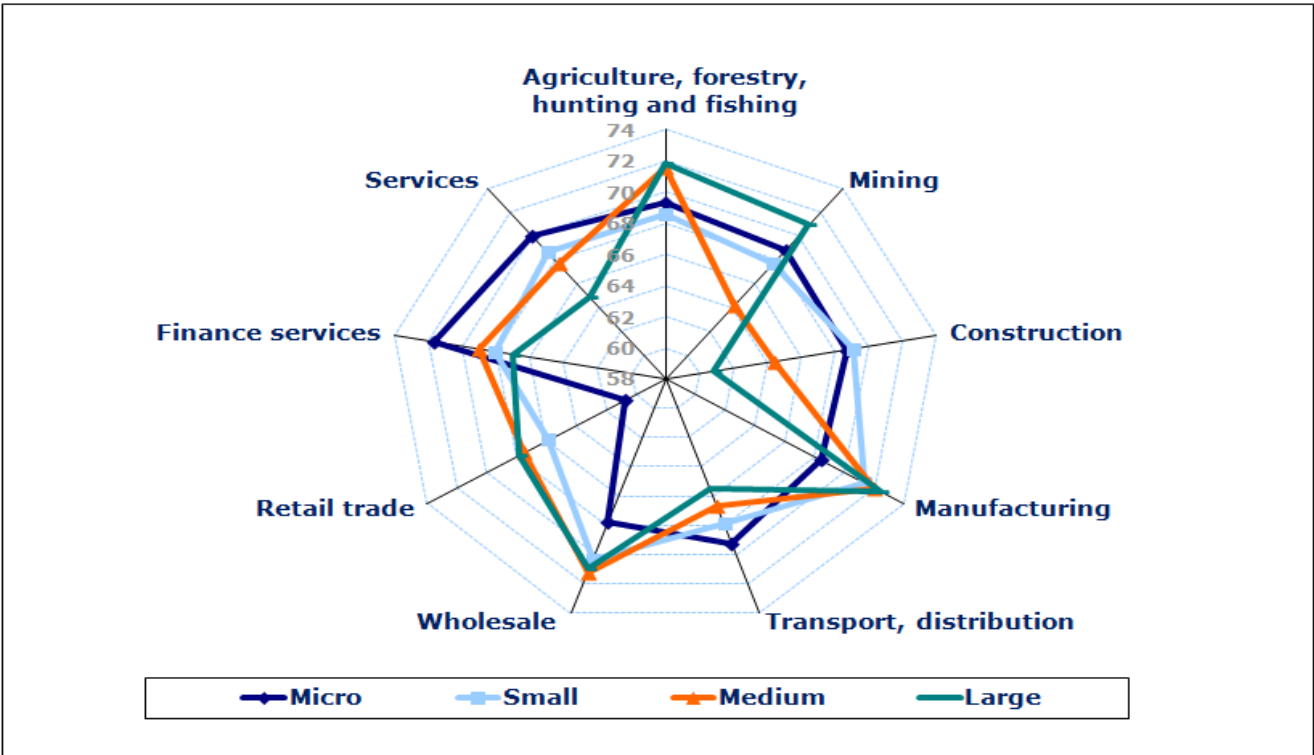


TABLE 24.2.14 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN ITALY, 2013

Sector	Ranking 2013
INSURANCE AGENTS, BROKERS AND SERVICE	1
CHEMICALS AND ALLIED PRODUCTS	2
INSURANCE CARRIERS	3
LEGAL SERVICES	4
RUBBER AND MISCELLANEOUS PLASTIC PRODUCTS	5
PAPER ALLIED PRODUCTS	6
INDUSTRIAL MACHINERY AND EQUIPMENT	7
TEXTILE MILL PRODUCTS	8
PRIMARY METAL INDUSTRIES	9
EDUCATIONAL SERVICES	10

TABLE 24.2.15 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN ITALY, 2013

Sector	Ranking 2013
EATING AND DRINKING PLACES	68
FOOD STORES	67
TRANSPORTATION BY AIR	66
GENERAL MERCHANDISE STORES	65
EXECUTIVE, LEGISLATIVE AND GENERAL	64
MOTION PICTURES	63
AMUSEMENT AND RECREATION SERVICES	62
POSTAL SERVICES	61
APPAREL AND ACCESSORY STORES	60
WATER TRANSPORTATION	59

1ST QUARTER 2014

At the start of 2014, the proportion of companies paying more than 90 days late on average is 5,5% of the total (the highest value since 2007).

Punctual payments, on the other hand, account for 38% of Italian companies, with a difference of 0,9 percentage points compared to December 2013.

Late payments continue to be concentrated in the moderate late payment class of Up to 30 days (45,9%), followed by late payments of between 30 and 60 days on average (6,3%).

The large part of the sample being examined did not show any changes to payment habits in the time period under consideration (4th quarter 2013 - 1st quarter 2014). In fact, 81,2% of companies did not register any changes in relation to their management of commercial transactions.

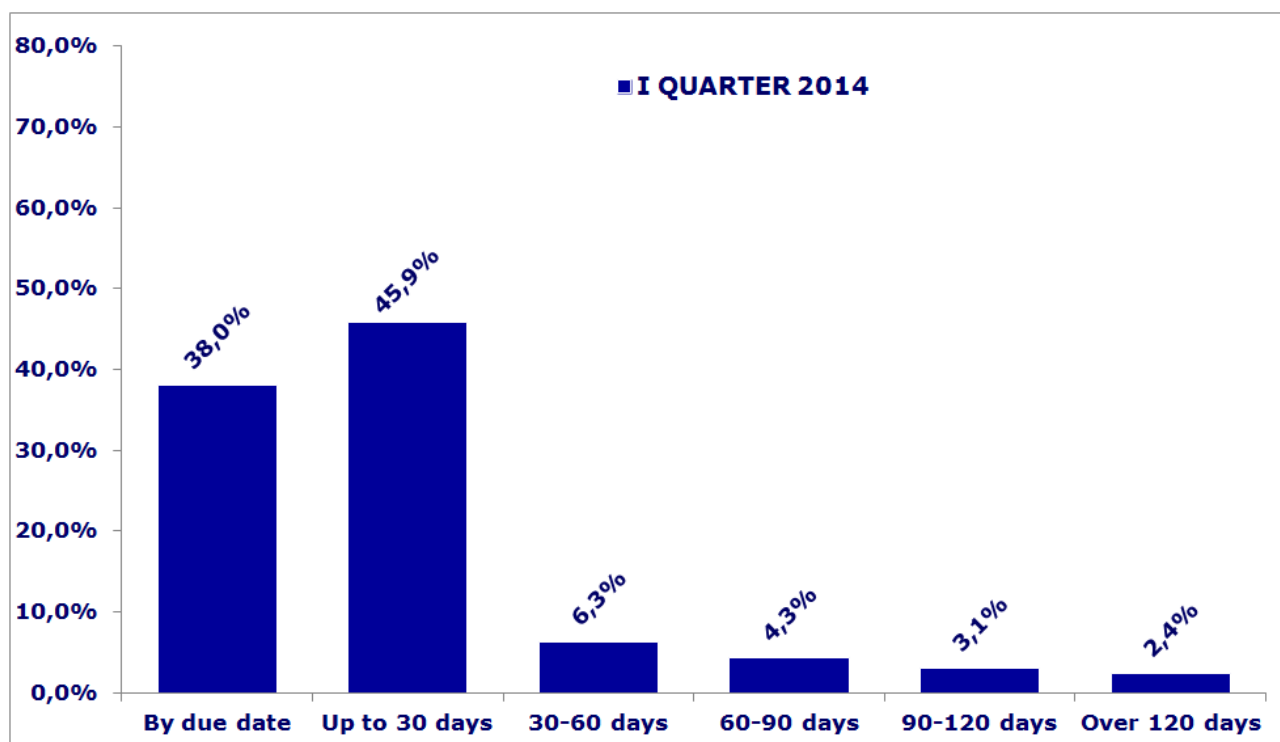
The remaining companies improved their payment performance in 7,6% of the cases analyzed, meanwhile 11,2% showed worse habits compared with the last quarter of 2013.

On the basis of results for the 1st quarter of 2014, it is possible to predict that the concentration in the serious late payment class will continue to account for a larger number of companies, and in part this is due to the growing problems that Italian companies have to face in managing commercial transactions.

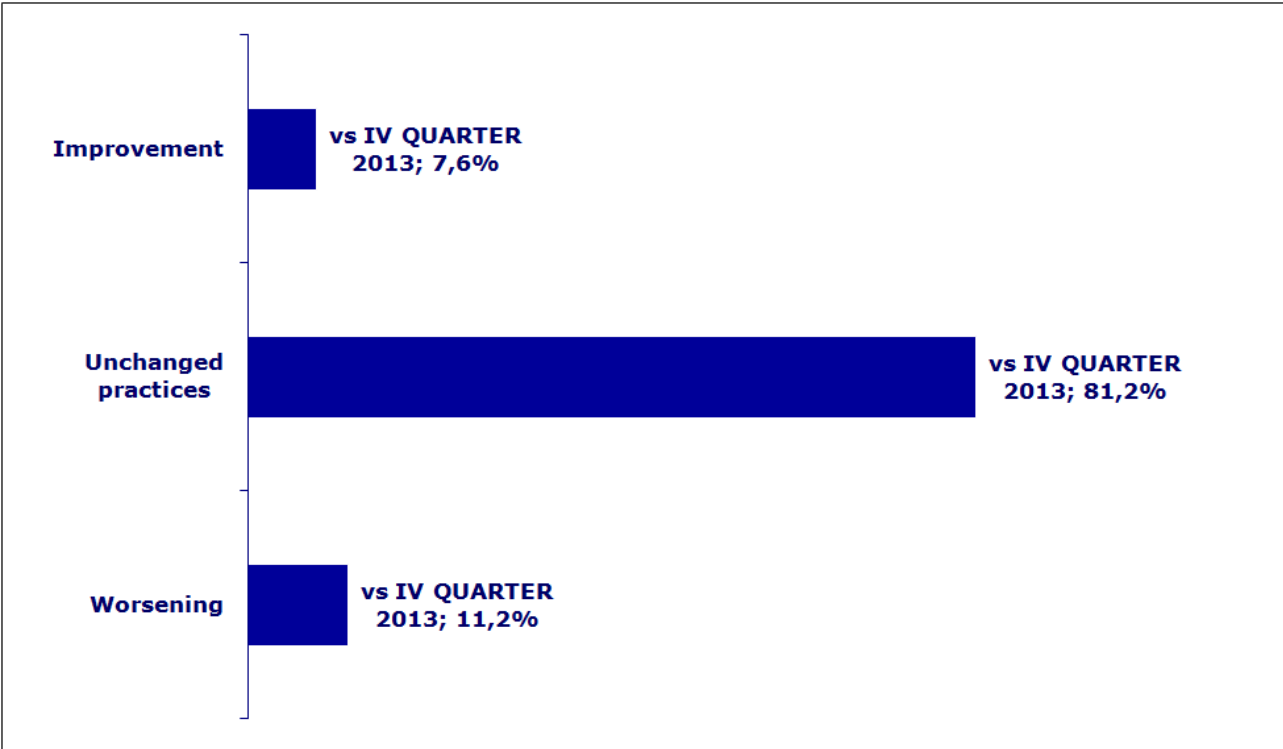
The economic situation in Italy and international trends do not point to a very good situation in the coming months, and it will be necessary to continue to carefully monitor the state of financial health of trading partners.

GRAPH 24.2.16 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY PAYMENT CLASS, 1ST QUARTER 2014



VARIATIONS IN PAYMENT PRACTICES IN ITALY, 4TH QUARTER 2013 - 1ST QUARTER 2014



CONCLUSIONS

As seen in previous editions, once again this year, the 2014 Payment Study shows a certain heterogeneity in payment practices and rather different trends between the countries examined, characterized by individual reactions to growing macroeconomic difficulties and the increasingly extensive credit crisis which has hit economic systems around the world.

In particular, payment performance in 15 European countries in 2013 was analyzed, and once again the trends between one country and another are very different.

The European average in the punctual payment class has worsened compared with 2012, with 38% of the total and a decrease of 1,1 percentage points compared with the previous year. However, the percentage of companies paying on average more than 90 days beyond agreed terms has increased, with a European average of 3,9%.

The best performance was seen for Denmark, which reached a percentage of 87,6% of punctual payers, followed by Germany (75,3%) and Turkey (54,6%).

Hungary, The Netherlands, Belgium, Spain, Slovenia, Italy and Finland had percentages of punctual payments above the European average. In this case, however, the concentrations are lower and vary between 38,1% (Finland) and 51,4% (Hungary).

Companies in the Czech Republic and Poland, on the other hand, have greater difficulty in respecting agreed commercial agreements, with little more than 30% in this payment class. The worst data, as in the previous edition, comes from Portuguese companies, which manage to pay within due dates in only 16,5% of the cases analyzed.

An analysis of performance in the more serious late payment classes (over 90 days on average) also shows differing situation between the European countries analyzed. Companies in Poland and Portugal present the most problematic situation, with percentages greater than 10%, giving a difference from the European average of more than 6 percentage points. Italy (5,2%) and Turkey (4,4%) are in an intermediate position. The proportions for the remaining countries are stable and contained (less than 0,5% for Germany, Finland and Denmark).

Six non-European countries were considered in the 2014 edition of the study: the United States, Canada, Mexico, China, Hong Kong and Taiwan.

The situation for Taiwan and Mexico is positive, with 74,5% and 56,9% of punctual payers.

The situation in North America has not changed significantly in the last year. In the United States the percentage of punctual payers is 53,4%, and in Canada the figure is 43,9%.

In 2013, Chinese and Hong Kong companies stand out for a less than efficient payment behavior. Over the period in question, only around 31,7% of companies managed commercial transactions with their trading partners within established contractual arrangements.

Furthermore, it is important to underline that China and the United States have high percentages in the serious late payment classes. In China, companies that pay on average more than 90 days later than agreed terms account for 7,1% of the total, meanwhile in the United States the concentration in this bracket reaches 5,1 percentage points.

The payment situation in Italy in 2013 confirms the negative trend which started in the last few years: in fact, the share of "good payers" has suffered a decrease of 5,4% compared with 2012, with 38,9% of the total. Furthermore, the percentage of punctual payers is still less than the values seen before the economic and financial crisis (50,8% in 2007 and 49,6% in 2008).

There has been an increase of 2,5 percentage points over 12 months in serious late payments, reaching 5,2% of the total.

On the basis of results for the 1st quarter of 2014, it is possible to see an increase in the serious late payment class and in part this is due to the growing problems that Italian companies have to face in managing commercial transactions.

In conclusion, what emerges for 2013 is a diverse picture, with very different payment scenarios between the countries under examination.

International events, specific domestic patterns, industrial characteristics and business culture in each country, mean that the scenarios and trends in the different countries vary very much, and in some cases patterns have changed course compared with previous years.

Macroeconomic forecasts for the current year predict a critical period for countries and companies, which mean they will have to carry out increasingly more careful research and assessments of commercial information on trading partners in order to sufficiently safeguard their cash flow and quickly manage breaches in contract and late payments by customers and suppliers.



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